



Dave Yost • Auditor of State

VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Bloomingburg, Fayette County, (the Village) as of and for the years ended December 31, 2014 and 2013.

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 appropriateness 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 opinions.

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 States 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 States 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 Accounting 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, 2014 and 2013, or changes in financial position 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 Bloomingburg, Fayette County as of December 31, 2014 and 2013, 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 September 18, 2015, 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.



Dave Yost
Auditor of State

Columbus, Ohio

September 18, 2015

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$40,897		\$40,897
Intergovernmental	26,978	40,211	67,189
Special Assessments	2,795		2,795
Charges for Services	1,935		1,935
Fines, Licenses and Permits	6,370		6,370
Earnings on Investments	500	245	745
Miscellaneous	3,144	301	3,445
<i>Total Cash Receipts</i>	<u>82,619</u>	<u>40,757</u>	<u>123,376</u>
Cash Disbursements			
Current:			
Security of Persons and Property	23,167	1,442	24,609
Public Health Services	597		597
Leisure Time Activities	775	728	1,503
Basic Utility Services	2,475	847	3,322
Transportation		21,593	21,593
General Government	38,767	1,669	40,436
Capital Outlay	1,433	9,800	11,233
<i>Total Cash Disbursements</i>	<u>67,214</u>	<u>36,079</u>	<u>103,293</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>15,405</u>	<u>4,678</u>	<u>20,083</u>
Other Financing Receipts (Disbursements)			
Advances In	21,000		21,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>21,000</u>	<u>0</u>	<u>21,000</u>
<i>Net Change in Fund Cash Balances</i>	36,405	4,678	41,083
<i>Fund Cash Balances, January 1</i>	<u>(31,194)</u>	<u>81,696</u>	<u>50,502</u>
Fund Cash Balances, December 31			
Restricted	0	86,374	86,374
Unassigned (Deficit)	5,211	0	5,211
<i>Fund Cash Balances, December 31</i>	<u>\$5,211</u>	<u>\$86,374</u>	<u>\$91,585</u>

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

**VILLAGE OF BLOOMINGBURG
FAYETTE 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
	Enterprise
Operating Cash Receipts	
Charges for Services	\$351,364
Miscellaneous	1,025
	<u>352,389</u>
<i>Total Operating Cash Receipts</i>	<i>352,389</i>
Operating Cash Disbursements	
Personal Services	42,326
Employee Fringe Benefits	4,682
Contractual Services	125,858
Supplies and Materials	72,561
Other	9,145
	<u>254,572</u>
<i>Total Operating Cash Disbursements</i>	<i>254,572</i>
<i>Operating Income (Loss)</i>	<i>97,817</i>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(2,936)
Principal Retirement	(154,112)
Interest and Other Fiscal Charges	(6,626)
Other Financing Sources	48,151
	<u>(115,523)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(115,523)</i>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<i>(17,706)</i>
Capital Contributions	
Transfers In	30,000
Transfers Out	(30,000)
Advances Out	(21,000)
	<u>(21,000)</u>
<i>Net Change in Fund Cash Balances</i>	<i>(38,706)</i>
<i>Fund Cash Balances, January 1</i>	<i>206,851</i>
<i>Fund Cash Balances, December 31</i>	<i>\$168,145</i>

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

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$43,404		\$43,404
Intergovernmental	26,388	43,101	69,489
Special Assessments	6,437		6,437
Charges for Services	2,761		2,761
Fines, Licenses and Permits	7,205		7,205
Earnings on Investments	889	249	1,138
Miscellaneous	3,488	256	3,744
<i>Total Cash Receipts</i>	<u>90,572</u>	<u>43,606</u>	<u>134,178</u>
Cash Disbursements			
Current:			
Security of Persons and Property	27,796	6,467	34,263
Public Health Services	2,073		2,073
Leisure Time Activities	900	113	1,013
Basic Utility Services	24,234	879	25,113
Transportation		20,197	20,197
General Government	42,313	4,783	47,096
<i>Total Cash Disbursements</i>	<u>97,316</u>	<u>32,439</u>	<u>129,755</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,744)</u>	<u>11,167</u>	<u>4,423</u>
Other Financing Receipts (Disbursements)			
Transfers In		600	600
Transfers Out	(600)		(600)
Other Financing Sources	23,313		23,313
Other Financing Uses	(18,344)		(18,344)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>4,369</u>	<u>600</u>	<u>4,969</u>
<i>Net Change in Fund Cash Balances</i>	(2,375)	11,767	9,392
<i>Fund Cash Balances, January 1</i>	<u>(28,819)</u>	<u>69,929</u>	<u>41,110</u>
Fund Cash Balances, December 31			
Restricted	0	81,696	81,696
Unassigned (Deficit)	<u>(31,194)</u>	<u>0</u>	<u>(31,194)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$31,194)</u></u>	<u><u>\$81,696</u></u>	<u><u>\$50,502</u></u>

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

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$339,781
Miscellaneous	989
<i>Total Operating Cash Receipts</i>	<i>340,770</i>
Operating Cash Disbursements	
Personal Services	56,783
Employee Fringe Benefits	4,072
Contractual Services	93,265
Supplies and Materials	13,647
Other	13,459
<i>Total Operating Cash Disbursements</i>	<i>181,226</i>
<i>Operating Income (Loss)</i>	<i>159,544</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental	46,469
Other Debt Proceeds	25,377
Miscellaneous Receipts	257
Capital Outlay	(76,999)
Principal Retirement	(179,191)
Interest and Other Fiscal Charges	(9,147)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(193,234)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(33,690)</i>
<i>Fund Cash Balances, January 1</i>	<i>240,541</i>
<i>Fund Cash Balances, December 31</i>	<i>\$206,851</i>

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

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Bloomingburg, Fayette County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and park operations. The Village contracts with the Fayette County Sheriff's department to provide security of persons and property. The Village contracts with BPM to receive fire protection services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis 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 Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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 revenue sources that are restricted or committed to expenditure for specified 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 tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (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:

Water Fund - This fund receives charges for services from residents to cover water service costs.

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

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 unencumbered 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 reappropriated.

A summary of 2014 and 2013 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.

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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 Village 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.

G. Property, Plant, and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	2014	2013
Total Demand Deposits	\$259,730	\$257,353

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

3. Budgetary Activity

Budgetary activity for the years ending December 31, follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$80,971	\$103,619	\$22,648
Special Revenue	48,720	40,757	(7,963)
Enterprise	369,162	430,540	61,378
Total	\$498,853	\$574,916	\$76,063

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$75,000	\$67,214	\$7,786
Special Revenue	81,750	36,079	45,671
Enterprise	489,151	482,476	6,675
Total	\$645,901	\$585,769	\$60,132

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$216,316	\$113,885	(\$102,431)
Special Revenue	58,558	44,206	(14,352)
Enterprise	680,517	412,873	(267,644)
Total	\$955,391	\$570,964	(\$384,427)

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$187,905	\$116,260	\$71,645
Special Revenue	113,590	32,439	81,151
Enterprise	701,893	446,563	255,330
Total	\$1,003,388	\$595,262	\$408,126

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity (Continued)

Contrary to Ohio law, appropriations exceeded final estimated resources in the General fund by \$24,517, during 2014 and the Parks and Recreation fund by \$600, during 2013.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

5. Debt

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Sewer Revenue Note	\$39,000	5%
OPWC- CO17F	80,252	0%
OPWC - CT51O	42,417	0%
OWDA - 4878	1,441,290	0%
OWDA - 4636	153,822	1.5%
OWDA - 5885	68,740	2%
Total	\$1,825,521	

The Sewer Revenue Note was established in 1981 at an original cost of \$344,822 at 5% interest and is scheduled to expire in 2018. The loan is collateralized by sewer receipts.

The Ohio Public Works Commission (OPWC) loan (CO17F) 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 requirements.

A loan (#4636) was received from the Ohio Water Development Authority (OWDA) in 2007 for sewer construction in the amount of \$198,225 at 1.5% interest.

The Village received a loan in the amount of \$318,000 from the OWDA (#4268) for planning the improvement of its wastewater treatment plant in 2005. The loan was paid off in 2008 with OWDA loan (#4878) which was received for the construction of the wastewater treatment plant in the amount of \$2,027,783 at 0% interest. The loan was not fully disbursed at December 31, 2012 and repayment terms have not been determined.

The Village entered into a loan (CT51O) with Ohio Public Works Commission (OPWC) in 2011 for sewer separation improvement in the amount of \$47,510 at 0% interest.

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

5. Debt (Continued)

A loan (#5885) was received from the Ohio Water Development Authority (OWDA) in 2011 for a new well in the amount of \$75,400 at 2% interest.

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

Year ending December 31:	Sewer Revenue Note	OPWC Loans	OWDA Loans
2015	\$19,950	\$10,789	\$53,760
2016	21,000	21,578	107,521
2017		21,578	107,521
2018		21,578	107,521
2019		11,546	107,521
2020-2024		7,574	537,604
2025-2029		7,574	537,604
2030-2034		7,574	105,217
2035-2039		7,574	41,004
2040-2043		5,302	6,709
Total	<u>\$40,950</u>	<u>\$122,667</u>	<u>\$1,711,982</u>

6. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries.

7. Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

7. Risk Management (Continued)

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014 (the latest information available):

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	<u>(12,760,194)</u>	<u>(12,363,257)</u>
Net Position	<u>\$21,651,689</u>	<u>\$23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Village's share of these unpaid claims collectible in future years is approximately \$ 11,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2014</u>
\$15,530	\$16,963

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

7. Risk Management (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



Dave Yost • Auditor of State

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

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

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 Bloomingburg, Fayette County, Ohio (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated September 18, 2015, wherein we noted the Village 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 weaknesses 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 to be 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 a 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 findings 2014-001 and 2014-004 described in the accompanying schedule of findings to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-002 and 2014-003.

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.



Dave Yost
Auditor of State

Columbus, Ohio

September 18, 2015

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING 2014-001

Material Weakness

Governments are required to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for related assets, document compliance with finance related legal and contractual requirements and prepare financial statements.

The Village lacked controls to ensure that transactions were posted accurately. We identified the following posting errors

2014					
Transaction as Posted (incorrect)			Correct Transaction Posting		
Fund	Account	Amount	Fund	Account	Amount
General Fund	Charges for Service	\$21,000	Sewer Fund	Other Financing Sources	\$21,000
General Fund	Charges for Service	2,344	General Fund	Special Assessment	2,344
Sewer Fund	Miscellaneous Revenue	27,150	Sewer Fund	Other Financing Sources	27,150
General Fund	Miscellaneous Revenue	900	Street Fund	Miscellaneous Revenue	300
			Water Fund		300
			Sewer Fund		300

2013					
Transaction as Posted (incorrect)			Correct Transaction Posting		
Fund	Account	Amount	Fund	Account	Amount
General Fund	Miscellaneous Revenue	\$17,905	General Fund	Other Financing Sources	\$17,905
General Fund	Security of Persons & Property	17,905	General Fund	Other Financing Uses	17,905
	Not posted		Storm Sewer Fund	Debt Proceeds	25,377
	Not posted		Storm Sewer Fund	Capital Outlay	25,377
General Fund	Miscellaneous Revenue	5,408	General Fund	Other Financing Sources	5,408
General Fund	Charges for Services	6,437	General Fund	Special Assessment	6,437

These errors were caused by lack of timely monitoring of the posting of transactions. Audit adjustments were posted to the financial statements and accounting system, where appropriate, to correct these errors.

Failure to accurately post and report receipt transactions could result in material errors in the Village's financial statements and reduces the ability of Council to monitor financial activity and to make sound decisions which affect the overall, available cash position of the Village.

We recommend that officials review the chart of accounts to assure that items are being posted to the proper account codes and funds.

Officials' Response:

The officials did not respond to this finding.

FINDING 2014-002

Noncompliance

Ohio Revised Code, § 5705.36(A), provides in part that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Because the Village did not monitor estimated resources, actual receipts were less than estimated receipts and the deficiency reduced available resources below the level of current appropriations in the following funds:

Fund	Available Resources (Beginning Fund Balance Plus Actual Receipts)	Appropriations	Variance
2014			
General Fund	\$ 73,131	\$ 75,000	(\$ 1,898)
Parks & Recreation Fund	1,569	1,750	(181)
2013			
General Fund	130,334	187,905	(57,571)
Street Fund	57,746	60,000	(2,254)
State Highway Fund	46,280	52,000	(5,786)
Parks & Recreation Fund	1,190	1,590	(400)
Water Fund	255,732	290,000	(34,267)
Sewer Fund	269,694	341,071	(71,377)
Storm Sewer Fund I	67,198	80,272	(13,074)
Storm Sewer Fund II	-	390	(390)

Over estimating receipts could result in spending more funds than received. When it is determined receipts are going to be less than originally estimated, an amended certificate should be obtained and appropriations reduced, if necessary.

Officials' Response:

The officials did not respond to this finding.

FINDING 2014-003

Noncompliance

Ohio Revised Code, § 5705.39, states in part, the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission. No appropriation measure shall become effective until the County Auditor files with the appropriation authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed the total amounts certified by the budget commission.

Because the Village did not monitor estimated resources, appropriations exceed the final estimated resources in the following funds:

**FINDING 2014-003
 (Continued)**

Year	Fund	Amount Appropriations exceed final estimated resources
2014	General Fund	\$ (24,517)
2013	Parks & Recreation Fund	(600)

Failure to monitor appropriations and estimated resources could result in overspending and negative cash balances. Council should monitor the budgetary position of the Village throughout the year, to determine when appropriation amendments are needed.

Officials' Response:

The officials did not respond to this finding.

FINDING 2014-004

Material Weakness

Governments are required to integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The estimated receipts posted to the accounting system did not agree with estimated receipts certified by the budget commission on the latest amended certificate. Estimated receipts that were certified varied from those posted by material amounts as follows:

Fund	Estimated Receipts Certified by the Budget Commission	Estimated Receipts Posted to the Accounting System	Variance
2014			
Permissive Motor Vehicle Tax Fund	\$ 30,392	\$ 25,146	(\$ 5,246)
2013			
Street Fund	\$ 63,566	\$ 75,058	(\$11,492)
Permissive Motor Vehicle Tax Fund	6,508	11,065	(4,557)
Parks & Recreation Fund	990	1,679	(689)

Failure to post the estimated receipts certified by the budget commission into the accounting system resulted in the Village officials relying on inaccurate information. The officials should be sure that the estimated receipts from the most current amended certificate are entered into the accounting system.

Appropriations posted to the accounting system did not agree with appropriations made by the Board in the following fund:

Fund	Appropriations Adopted or Filed	Appropriations Posted to the Accounting System	Variance
2014			
Water Fund	\$145,000	\$175,000	(\$30,000)

**FINDING 2014-004
(Continued)**

Failure to post the appropriations that have been approved by Council increases the risk that funds could be overspent. The footnotes have been adjusted to reflect the correct budgetary numbers.

We recommend that the Village Council adopt appropriations and the amounts adopted should be recorded in the minute records. Only those appropriations that are adopted by the Council in the minute records should be posted in the accounting system.

Officials' Response:

The officials did not respond to this finding.

**VILLAGE OF BLOOMINGBURG
FAYETTE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Significant Deficiency, Internal control issues noted over disbursements and bookkeeping , Debt Documentation and Payroll	Yes	
2012-002	Ohio Administrative Code section 117-2-02, management oversight in the proper reporting of tax, miscellaneous and intergovernmental receipts and proceeds of debt to the financial statements.	No	Reissued as 2014-001
2012-003	Ohio Revised Code, Section 5705.38(A),the Village did not approve or file appropriations in 2011 Ohio Revised Code 5705.41 (B), expenditures exceeded appropriations	Yes	
2012-004	Ohio Rev. Code, Section 5705.10(H), general fund had a negative fund balance at December 31, 2012.	Yes	
2012-005	Ohio Rev. Code, Section 5705.41(D), funds were not certified prior to the time of commitment of expenditures.	Yes	
2012-006	Ohio Rev. Code, Section 149.351, the Village did not provide IRS, OPERS and OH IT Forms, requested for audit.	No	Reissued as a Management Letter comment.

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Dave Yost • 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
OCTOBER 13, 2015**