Michigan Deptartment of Treasury
496 (2-04)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type	Local Government Name	County
☐ City ☐ Township ☑ Village ☐ Other	VILLAGE OF BLOOMINGDALE	VAN BUREN

Audit Date	Opinion Date	Date Accountant Report Submitted to State:
2/28/05	6/6/05	9/26/05

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.

2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

☐ Yes ☑ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.

☐ Yes ☑ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).

☐ Yes ☑ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).

☐ Yes ☑ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.

☑ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).

☐ Yes ☑ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.

☐ Yes ☑ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).

☐ Yes ☑ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

☐ Yes ☑ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)			
SEBER TANS, PLC.			
Street Address	City	State	ZIP
555 WEST CROSSTOWN PKY., STE. 304	KALAMAZOO	MI	49008
Accountant Signature		Date	
		9/26/05	

VILLAGE OF BLOOMINGDALE, MICHIGAN

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Year Ended February 28, 2005

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SEBER TANS, PLC
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Village Council
Village of Bloomingdale, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Village of Bloomingdale (the Village) as of and for the year ended February 28, 2005, which collectively comprises the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Village of Bloomingdale as of February 28, 2005 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note H, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of March 1, 2004.

The management's discussion and analysis and budgetary comparison information on pages 2-3 and 24-28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

SEBER TANS, PLC

Seber Tans, PLC
Kalamazoo, Michigan

June 6, 2005

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole as well as providing a view of the Village's longer-term finances.

Fund financial statements show how services were financed in the short term and also show what remains for future spending.

The Management's Discussion and Analysis is a requirement of GASB 34, and is intended to be the Village's analysis of the financial results for the fiscal year ended February 28, 2005. Because this is our Village's first financial report presented in the format required by Governmental Accounting Standards Board (GASB) Statement No. 34, certain comparative information ordinarily required is not available. Subsequent reports will include a prior year comparison of results.

The Village as a Whole

The Village's combined net assets showed a slight improvement during the 2004/2005 fiscal year. Factors contributing towards this slight improvement are found generally within the governmental activities of the Village. The table below shows a summary of the net assets at February 28, 2005.

	Governmental Activities	Business-Type Activities	Total
Total Assets	$ 540,424	$ 723,644	$ 1,264,068
Liabilities	49,338	11,659	60,997
Net Assets	$ 491,086	$ 711,985	$ 1,203,071

The Village's Funds

The Village financial system is divided into Funds to allow for specific purposes and accountability of expenses incurred throughout the year. These funds are: General Fund, Major Street Fund, Local Street Fund and Sewer Fund.

The General Fund pays for the majority of operating expenses that the Village incurs including: administration, local police department operations, general labor for areas of general fund activity including maintenance of the park, building maintenance, DPW maintenance, sidewalk maintenance, office equipment purchase and maintenance, elections, ordinance administration, etc. The General Fund is also in the 5th year paying Van Buren County Drain Commission for Houghton drain work.

The General Fund also pays for other fund balances that may have fallen short for various reasons.

The Sewer Fund pays for both minor and major repairs of the Village's sewer system as well as general maintenance of the system including labor costs, parts, electrical usage by the two lift stations, laboratory costs of

discharging wastewater associated with DEQ requirements, etc. The Sewer Fund also pays the General Fund for equipment used that was originally purchased with General Fund monies.

The Major Street Fund pays for minor and major repairs of all streets classified as part of the Major Street System including storm drainage systems, administration, tree trimming and planting programs, etc. The Village receives funds from the State of Michigan through the Act 51 funding system which is calculated by the state on a mileage basis. These funds are received on a quarterly basis. The Major Street Fund also reimburses the General Fund and Sewer Fund for equipment used based on a rental program to reimburse for equipment originally purchased using funds from the General Fund and Sewer Fund.

The Local Street Fund pays for minor and major repairs of all streets classified as part of the Local Street System including storm drainage systems, administration, tree trimming and planting programs, etc. The Village receives funds from the State of Michigan through the Act 51 funding system which is calculated by the state on a mileage basis. These funds are received on a quarterly basis. The Local Street Fund also reimburses the General Fund and Sewer Fund for equipment used based on a rental program to reimburse for equipment originally purchased using funds from the General Fund and Sewer Fund.

Governmental Activities

A conservative estimate of budget revenues was made in light of such possible cutbacks in State Revenue Sharing and Act 51 funds as well as continued lower interest rates earned on bank balances. Actual revenues were approximately 30% higher than originally budget at the beginning of FY 2004/2005. Throughout the year additional expenditures were approved which still allowed keeping the budgets in balance.

Business-Type Activities

The Village's business-type activity consists of a Sewer Fund. We provide wastewater services to the Village residents (approximately 200 customers). We also provide sewer services to one business and the Township Fire Department outside of the Village.

Positive Fund Balance in the Sanitary Sewer Fund was achieved by delaying proposed major repairs to future fiscal year budgets.

Restrictions on Funds

No restrictions on funds have been imposed by the Village.

Significant Budget Variances

None

Significant Assets or Long-Term Debt

As of February 28, 2005 three payments of approximately $15,000 each remain to be paid for the Houghton drain projects.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, and customers with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have any questions about this report or need additional information, we encourage you to contact the Village Office at 269-521-3222, or P.O. Box 236, Bloomingdale, MI 49026.

VILLAGE OF BLOOMINGDALE, MICHIGAN
STATEMENT OF NET ASSETS
February 28, 2005

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 256,802	$ 149,522	$ 406,324
Investments	80,472	200,000	280,472
Accounts receivable	11,986	7,570	19,556
Taxes receivable	24,868	---	24,868
Internal balances	4,368	1,342	5,710
Capital assets - net	161,928	365,210	527,138
TOTAL ASSETS	**$ 540,424**	**$ 723,644**	**$ 1,264,068**
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	$ 5,576	$ 5,650	$ 11,226
Deferred revenue	---	1,641	1,641
Internal balances	1,342	4,368	5,710
Noncurrent liabilities			
Due within one year	14,943	---	14,943
Due in more than one year	27,477	---	27,477
TOTAL LIABILITIES	49,338	11,659	60,997
NET ASSETS			
Invested in capital assets, net of related debt	161,928	365,210	527,138
Restricted for:			
Streets	67,883	---	67,883
Unreserved	261,275	346,775	608,050
TOTAL NET ASSETS	491,086	711,985	1,203,071
TOTAL LIABILITIES AND NET ASSETS	**$ 540,424**	**$ 723,644**	**$ 1,264,068**

See Notes to Financial Statement

VILLAGE OF BLOOMINGDALE, MICHIGAN
STATEMENT OF ACTIVITIES
For the Year Ended February 28, 2005

Functions/Programs	Expenses	Program Revenue: Charges for Services	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Business-Type Activities	Totals
Primary government					
Governmental activities:					
General government	$ (69,210)	$ ---	$ (69,210)	$ ---	$ (69,210)
Public safety	(52,195)	---	(52,195)	---	(52,195)
Public works	(98,980)	480	(98,500)	---	(98,500)
Interest	(50)	---	(50)	---	(50)
Depreciation (unallocated)	(13,648)	---	(13,648)	---	(13,648)
TOTAL GOVERNMENTAL ACTIVITIES	(234,083)	480	(233,603)	---	(233,603)
Business-type activities					
Sewer	(71,584)	45,056	---	(26,528)	(26,528)
TOTAL GOVERNMENT	**$ (305,667)**	**$ 45,536**	**$ (233,603)**	**$ (26,528)**	**$ (260,131)**
GENERAL REVENUES:					
Property taxes			$ 134,167	$ ---	$ 134,167
State shared revenue			121,617	---	121,617
Interest and investment income			3,079	3,482	6,561
Miscellaneous			62,795	---	62,795
TOTAL GENERAL REVENUES			321,658	3,482	325,140
INCREASE (DECREASE) IN NET ASSETS			88,055	(23,046)	65,009
Net assets at beginning of year			403,031	735,031	1,138,062
NET ASSETS AT END OF YEAR			**$ 491,086**	**$ 711,985**	**$ 1,203,071**

See Notes to Financial Statement

VILLAGE OF BLOOMINGDALE, MICHIGAN
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS AND THE RECONCILIATION TO THE STATEMENT OF NET ASSETS
February 28, 2005

	General	Major Street	Local Street	Total Govern-Mental
ASSETS				
Cash and cash equivalents	$ 185,753	$ 46,339	$ 24,710	$ 256,802
Investments	80,472	---	---	80,472
Accounts receivable	15,375	3,352	951	19,678
Due from other funds	11,266	---	---	11,266
TOTAL ASSETS	**$ 292,866**	**$ 49,691**	**$ 25,661**	**$ 368,218**
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 5,576	$ ---	$ ---	$ 5,576
Due to other funds	---	6,575	1,665	8,240
TOTAL LIABILITIES	5,576	6,575	1,665	13,816
FUND BALANCES				
Reserved for street services	---	43,116	23,996	67,112
Unreserved	287,290	---	---	287,290
TOTAL FUND BALANCES	287,290	43,116	23,996	354,402
TOTAL LIABILITIES AND FUND BALANCES	**$ 292,866**	**$ 49,691**	**$ 25,661**	**$ 368,218**

Reconciliation of the Combined Balance Sheet – Governmental Funds to the Statement of Net Assets:

Total governmental fund balances		$ 354,402
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and are not reported in the funds:		
The cost of the capital assets is	254,418	
Accumulated depreciation is	(92,490)	
		161,928
Other assets are not available to pay for current year expenditures and therefore are deferred in the funds and recognized as revenue in the statement of activities		17,176
Long term liabilities that are not due and payable in the current period and are not reported in the funds:		(42,420)
NET ASSETS OF GOVERNMENTAL ACTIVITIES		**$ 491,086**

See Notes to Financial Statements

VILLAGE OF BLOOMINGDALE, MICHIGAN
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended February 28, 2005

	General	Major Street	Local Street	Total Govern-Mental
REVENUES				
Property taxes	$ 125,923	$ 6,645	$ 7,271	$ 139,839
Licenses and permits	3,369	---	---	3,369
Intergovernmental revenues	66,805	42,706	12,106	121,617
Charges for service	480	---	---	480
Interest	2,649	263	167	3,079
Miscellaneous	69,863	---	---	69,863
TOTAL REVENUES	269,089	49,614	19,544	338,247
EXPENDITURES				
Current				
General government	69,210	---	---	69,210
Public safety	52,195	---	---	52,195
Public works	85,847	10,746	12,824	109,417
Capital outlay	3,630	---	---	3,630
Debt service	14,993	---	---	14,993
TOTAL EXPENDITURES	225,875	10,746	12,824	249,445
EXCESS OF REVENUES OVER EXPENDITURES	**43,214**	**38,868**	**6,720**	**88,802**
Fund balances at beginning of year, as restated	244,076	4,248	17,276	265,600
FUND BALANCES AT END OF YEAR	**$ 287,290**	**$ 43,116**	**$ 23,996**	**$ 354,402**

See Notes to Financial Statements

VILLAGE OF BLOOMINGDALE, MICHIGAN
RECONCILIATION OF THE COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended February 28, 2005

Net change in fund balance – total governmental funds		$ 88,802
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Depreciation expense	(13,648)	
Capital outlay	3,630	(10,018)
Repayment of long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt payable)		14,943
Assets are not available to pay for current period expenditures and therefore are deferred in the funds and recognized as revenue in the statement of activities:		
Change in property taxes receivable		(5,672)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		**$ 88,055**

See Notes to Financial Statements

VILLAGE OF BLOOMINGDALE, MICHIGAN
STATEMENT OF NET ASSETS – PROPRIETARY FUND
February 28, 2005

	Sewer Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 149,522
Investments	200,000
Accounts receivable	7,570
Due from other funds	1,342
TOTAL CURRENT ASSETS	358,434
PROPERTY AND EQUIPMENT	
Land	22,640
Sewer system	789,040
Equipment	57,168
	868,848
Less accumulated depreciation	(503,638)
NET PROPERTY AND EQUIPMENT	365,210
TOTAL ASSETS	**$ 723,644**
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 5,650
Deferred revenue	1,641
Due to other funds	4,368
TOTAL CURRENT LIABILITIES	11,659
NET ASSETS	
Invested in capital assets	365,210
Unrestricted	346,775
TOTAL NET ASSETS	711,985
TOTAL LIABILITIES AND NET ASSETS	**$ 723,644**

See Notes to Financial Statements

VILLAGE OF BLOOMINGDALE, MICHIGAN
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – PROPRIETARY FUND
For the Year Ended February 28, 2005

	Sewer Fund
OPERATING REVENUES	
Charges for services	$ 40,758
Sewer tap fees	510
Miscellaneous	3,788
TOTAL OPERATING REVENUES	45,056
OPERATING EXPENSES	
Wages and benefits	22,851
Depreciation	22,266
Contracted services	8,055
Equipment rental	4,611
Miscellaneous	3,711
Repairs and maintenance	3,511
Utilities	2,474
Supplies	2,072
Legal and accounting	2,033
TOTAL OPERATING EXPENSES	71,584
OPERATING LOSS	(26,528)
NON-OPERATING INCOME	
Interest income	3,482
DECREASE IN NET ASSETS	(23,046)
Net assets at beginning of year	735,031
NET ASSETS AT END OF YEAR	**$ 711,985**

See Notes to Financial Statements

VILLAGE OF BLOOMINGDALE, MICHIGAN
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
For the Year Ended February 28, 2005

	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from:	
Receipts from customers	$ 44,247
Cash paid for:	
Wages and benefits	(22,851)
Contracted services	(2,405)
Equipment rental	(4,611)
Miscellaneous	(3,711)
Repairs and maintenance	(3,511)
Utilities	(2,474)
Supplies	(2,072)
Legal and accounting	(2,033)
Internal payments from other funds	20,449
Total cash paid	(23,219)
NET CASH PROVIDED BY OPERATING ACTIVITIES	21,028
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(200,000)
Interest income	3,482
NET CASH USED IN INVESTING ACTIVITIES	(196,518)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(175,490)
Cash and cash equivalents at beginning of year	325,012
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 149,522**

See Notes to Financial Statements

VILLAGE OF BLOOMINGDALE, MICHIGAN
STATEMENT OF CASH FLOWS – PROPRIETARY FUND (CONTINUED)
For the Year Ended February 28, 2005

	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	$ (26,528)
Adjustments to reconcile operating income to cash used in operating activities:	
Depreciation	22,266
Decrease (increase) in:	
Accounts receivable	(995)
Internal balances	20,449
Increase in:	
Accounts payable	5,650
Deferred revenue	186
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 21,028**

See Notes to Financial Statements

NOTE A – Summary of Significant Accounting Policies

The accounting policies of Village of Bloomingdale, Michigan (the Village) are in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village.

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the Village or primary government. In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units based on applying the criteria set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. The Village has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

NOTE A – Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Taxes Receivable

The Village's tax is levied on each July 1st on the taxable valuation of property (as defined by state statutes) located in the Village as of the preceding December 31st. Uncollected taxes are purchased by the County within 120 days following the close of the fiscal year of the tax levy. Uncollectible accounts are charged back to the Village by the County.

The 2004 taxable valuation of The Village totaled $5,696,331, on which ad valorem taxes levied consisted of 10.2346 mills for operating purposes, 1.15209 mills for major street services, 1.1069 mills for local street services, 2.55 mills for a special drain assessment and 10.0 mills for police protection. Theses amounts are recognized in the respective General and Special Revenue financial statements as taxes receivable or as tax revenue.

NOTE A – Summary of Significant Accounting Policies (Continued)

Fund Based Statements

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Street Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on major streets.

The Local Street Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on local streets.

Additionally, the Village reports the following major proprietary fund:

The Sewer Fund accounts for the activities of the sewage collection system.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's sewer function and various other functions of the Village. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include; (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non operating items. Operating revenue and expenses generally result from providing sewer services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary fund relates to charges to customers for sales and services. The sewer fund also recognizes the portions of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

NOTE A – Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances"

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Taxes are levied on July 1st and are collected through February 28 by various local units for the Village. The local units then remit to the Village any delinquent real property taxes by June 30.

Capital Assets

Capital assets, which include property, buildings, equipment, vehicles and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extended asset life are not capitalized.

Building, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings	20-50 years
Building improvements	15-30 years
Sewer lines	40-50 years
Roads	10-30 years
Other infrastructure	5-20 years
Vehicles	3-5 years
Office equipment	5-7 years
Computer equipment	3-5 years

NOTE A – Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in applicable governmental activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Contributed capital is recorded in proprietary funds for capital grants or contributions from customers or other funds.

Comparative Data/Reclassifications

Comparative data is not included in the Village's financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Village's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE B - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

NOTE B - Stewardship, Compliance, and Accountability (Continued)

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the December Village Council meeting, the Village President submits to the Village Council a proposed operating budget for the fiscal year commencing the following March 1st. The operating budget includes proposed expenditures and the means of financing them.

2. A public hearing is conducted to obtain taxpayer comments.

3. Prior to March 1st, the budget is legally adopted by the Village Council.

4. The Village President is authorized to transfer up to $1,000 of budgeted amounts between activities within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Council.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Major Street Fund, Local Street Fund, and Water and Sewer Fund.

6. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts are as originally adopted, or as amended by the Village Council.

Excess of Expenditures Over Appropriations in Budgeted Funds

The Uniform Budgeting and Accounting Act, as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. The Village's actual expenditures and budgeted expenditures for the funds budgeted have been shown on a functional basis. The approved budgets of the Village for these budgeted funds were adopted on the line item level.

The Village did not have significant expenditure budget variances.

NOTE C – Cash and Investments

At February 28, 2005, the Village's deposits and investments were reported in the basic financial statements in the following categories:

	Govern-Mental Activities	Business-Type Activities	Total Primary Government
Cash and cash equivalents	$ 256,802	$ 149,522	$ 406,324
Investments	80,472	200,000	280,472
TOTAL	$ 337,274	$ 349,522	$ 686,796

NOTE C – Cash and Investments (Continued)

The breakdown between deposits and investments is as follows:

	Primary Government
Bank deposits (checking and savings accounts)	$ 406,324
Investments (certificates of deposits and stock holdings)	280,472
TOTAL	$ 686,796

Michigan Compiled Law authorizes the Village to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Village is allowed to invest in bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Village Council has designated one bank for deposit of the Village's funds. The investment policy adopted by the Village Council has authorized investments in bonds and securities of the United States government, bank accounts, and certificates of deposit, but not the remainder of State statutory authority as listed above.

The Village's deposits and investment policy are in accordance with statutory authority.

Cash deposits and investments are classified according to credit risk to give an indication of the level of risk assumed by the Village at February 28, 2005. The categories are described as follows:

Category 1: Insured or registered, or securities held by the Village or by its agent in the Village's name.

Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name.

Category 3: Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Village's name.

NOTE C – Cash and Investments (Continued)

At February 28, 2005, the Village's bank balance in cash deposits including checking, savings and investments in certificates of deposit was $608,320, of which $406,324 is reported as cash and cash equivalents, and $280,472 is reported as investments. Investments include $200,000 in certificates of deposits which mature in greater than three months and $80,472 in stock holdings. Of the bank balance, $100,000 is covered by federal depository insurance and $508,320 was uninsured and uncollateralized.

NOTE D – Capital Assets

Capital asset activity of the Village's governmental activities was as follows:

	March 1, 2004	Additions	Disposals	February 28, 2005
Capital assets not being depreciated:				
Land	$ 24,000	$ ---	$ ---	$ 24,000
Capital assets being depreciated:				
Buildings and improvements	137,494	3,630	---	141,124
Equipment	77,966	---	---	77,966
Office equipment and furniture	11,328	---	---	11,328
	226,788	3,630	---	230,418
Less accumulated depreciation	(78,842)	(13,648)	---	(92,490)
Net capital assets being depreciated	147,946	(10,018)	---	137,928
Net capital assets total – net of accumulated depreciation	$ 171,946	$ (10,018)	$ ---	$ 161,928

Depreciation expense was not charged to activities as the Village considers its assets to impact multiple activities and allocation is not practical.

NOTE D – Capital Assets (Continued)

Capital asset activity of the Village's proprietary activities was as follows:

	March 1, 2004	Additions	Disposals	February 28, 2005
Capital assets being depreciated:				
Land	$ 22,640	$ ---	$ ---	$ 22,640
Treatment facility	377,400	---	---	377,400
Sewer system	411,641	---	---	411,641
Machinery and equipment	57,168	---	---	57,168
	868,849	---	---	868,849
Less accumulated depreciation	(481,373)	(22,266)	---	(503,639)
Net capital assets being depreciated	$ 387,476	$ (127,001)	$ ---	$ 365,210

NOTE E – Interfund Receivables and Payables

The composition of interfund balances as of February 28, 2005, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Major Street Fund	$ 5,766
	Local Street Fund	1,132
	Sewer Fund	4,368
Sewer Fund	Major Street Fund	809
	Local Street Fund	533
		$ 12,608

NOTE F – Long-Term Debt

The individual fund long-term debt and other long-term obligations of the Village and the changes therein, are summarized as follows:

	Balance at March 1, 2004	Additions	Deductions	Balance at February 28, 2005
GOVERNMENTAL ACTIVITIES				
A drainage assessment payable to Van Buren County for construction and maintenance of the Houghton Drain. The original amount is payable in annual installments of $14,943. The Village is not required to pay interest on the assessment.	$ 57,363	$ ---	$ (14,943)	$ 42,420

NOTE F – Long-Term Debt (Continued)

Annual debt service requirements to maturity for debt obligations are as follows:

Payments due for years ending February 28:	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2006	$ 14,943	$ ---	$ ---	$ ---
2007	14,942	---	---	---
	12,535	---	---	---
TOTAL	$ 42,420	$ ---	$ ---	$ ---

NOTE G – Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village has purchased commercial insurance for death and disability, hospitalization and life claims, and is a member of the Michigan Municipal League Liability and Property Pool for claims relating in liability, fire, fleet and bonds. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Village participates in the Michigan Municipal Workers' Compensation Fund risk pools for the purpose of its workers compensation coverage.

The Pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

NOTE H – Accounting and Reporting Change

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The Village has applied the provisions of this statement and related GASB statements in the accompanying financial statements (including notes to financial statements). The Village has elected not to retroactively report their infrastructure in the current year. Certain significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Village's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Village's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

***NOTE I* – Prior Period Adjustment**

A prior period adjustment was made in the General Fund to record stock held in Bloomingdale Telephone Company, Inc. that existed in the prior year but was not recorded in the financial statements. The Village originally was given the shares of stock by Bloomingdale Telephone Company, Inc. for being a customer. The Village doesn't participate in shareholder meetings and is not involved in the management of the Company. As a result of this prior period adjustment, fund balance in the general fund was increased by $59,129.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF BLOOMINGDALE, MICHIGAN
BUDGET COMPARISON SCHEDULE – GENERAL FUND
For the Year Ended February 28, 2005

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Fav (Unfav)
REVENUES				
Property taxes	$ 121,365	$ 121,365	$ 125,923	$ 4,558
Licenses and permits	2,000	3,330	3,369	39
Intergovernmental revenues				
State shared revenues	67,000	67,000	66,191	(809)
Liquor license fees	700	700	614	(86)
	67,700	67,700	66,805	(895)
Charges for services				
Ordinance fines	---	---	480	480
Interest	100	100	2,649	2,549
Miscellaneous				
Equipment rental	---	---	8,214	8,214
Reimbursements	---	---	36,616	36,616
Miscellaneous	12,700	12,700	3,690	(9,010)
Unrealized gain on investment	---	---	21,343	21,343
	12,700	12,700	69,863	57,163
TOTAL REVENUES	203,865	205,195	269,089	63,894
EXPENDITURES				
General government				
Village council				
Salaries	$ 3,900	$ 3,900	$ 3,240	$ 660
Memberships and dues	650	650	849	(199)
Miscellaneous	60	60	65	(5)
	4,610	4,610	4,154	456
President				
Salaries	2,260	2,260	2,100	160
Other executive activities				
Legal	1,000	1,000	1,268	(268)
Elections				
Salaries	370	370	387	(17)
Printing and publishing	---	---	45	(45)
Miscellaneous	150	150	47	103
	520	520	479	41
Clerk				
Salary	10,789	10,789	10,789	---
Postage	400	400	432	(32)
Telephone	1,200	1,200	1,200	---
Insurance and bonds	---	---	(96)	96
Miscellaneous	200	200	336	(136)
	12,589	12,589	12,661	(72)
Treasurer				
Salary	6,681	6,681	6,363	318
Postage	600	600	277	323
Telephone	100	100	140	(40)
Miscellaneous	200	200	407	(207)
	7,581	7,581	7,187	394

VILLAGE OF BLOOMINGDALE, MICHIGAN
BUDGET COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
For the Year Ended February 28, 2005

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Fav (Unfav)
Other general government				
Education and travel	$ 2,000	$ 2,000	$ 1,098	$ 902
Payroll taxes	6,700	6,700	6,768	(68)
Unemployment taxes	600	600	224	376
Professional fees	7,000	7,000	4,050	2,950
Printing and publications	2,500	2,500	1,738	762
Inspection and permits	2,000	3,330	3,329	1
Insurance and bonds	11,600	11,600	11,614	(14)
Miscellaneous	300	300	301	(1)
	32,700	34,030	29,122	4,908
Municipal building				
Supplies	3,000	3,000	55	2,945
Utilities	4,000	4,000	4,292	(292)
Repairs and maintenance	10,000	10,000	7,892	2,108
	17,000	17,000	12,239	4,761
Total general government	78,260	79,590	69,210	10,380
Public safety				
Police				
Salaries	33,600	33,600	33,484	116
Retirement	1,200	1,200	1,200	---
Supplies	600	600	1,425	(825)
Telephone	900	900	569	331
Repairs	600	600	563	37
Insurance	20,160	20,160	14,651	5,509
Miscellaneous	500	500	303	197
	57,560	57,560	52,195	5,365
Total public safety	57,560	57,560	52,195	5,365
Public works				
Department of public works				
Salaries	28,820	28,820	29,079	(259)
Wages	10,000	4,000	3,291	709
Retirement	1,200	1,200	1,200	---
Supplies	1,500	---	1,606	(1,606)
Insurances	19,800	19,800	14,618	5,182
Telephone	480	480	436	44
Utilities	4,000	4,000	4,145	(145)
Repairs and maintenance	---	---	17	(17)
Miscellaneous	1,000	1,000	1,042	(42)
	66,800	59,300	55,434	3,866
Sidewalks				
Operating supplies	3,500	700	610	90
Contracted services	3,000	7,300	7,230	70
Equipment rental	---	---	731	(731)
	6,500	8,000	8,571	(571)

VILLAGE OF BLOOMINGDALE, MICHIGAN
BUDGET COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
For the Year Ended February 28, 2005

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Fav (Unfav)
Drains				
Contracted services	$ 1,200	$ ---	$ ---	$ ---
Miscellaneous	1,000	1,000	1,089	(89)
	2,200	1,000	1,089	(89)
Street Lights				
Utilities – street lights	6,000	6,000	5,678	322
Utilities - blinker	270	270	147	123
	6,270	6,270	5,825	445
Village park				
Operating supplies	400	400	132	268
Contracted services	1500	1500	1,300	200
Equipment rental	---	---	939	(939)
Donation	4,000	4,000	4,000	---
Miscellaneous	600	600	309	291
	6,500	6,500	6,680	(180)
Museum				
Supplies	300	300	---	300
Utilities	3,400	3,400	3,200	200
Miscellaneous	500	500	---	500
	4,200	4,200	3,200	1,000
Equipment				
Gas	2,700	2,700	3,461	(761)
Repairs and maintenance	2,400	2,400	1,587	813
	5,100	5,100	5,048	52
Total public works	97,570	90,370	85,847	4,523
Debt service	12,585	15,085	14,993	92
Capital outlay	4,500	4,500	3,630	870
TOTAL EXPENDITURES	250,475	247,105	225,875	21,230
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**(46,610)**	**(41,910)**	**43,214**	**85,124**
Fund balance, beginning of year, as restated	244,076	244,076	244,076	---
FUND BALANCE, END OF YEAR	**$ 197,466**	**$ 202,166**	**$ 287,290**	**$ 85,124**

VILLAGE OF BLOOMINGDALE, MICHIGAN
BUDGET COMPARISON SCHEDULE – MAJOR STREET FUND
For the Year Ended February 28, 2005

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Fav (Unfav)
REVENUES				
Property taxes	$ 5,100	$ 5,100	$ 6,645	$ 1,545
Intergovernmental revenues	43,953	43,953	42,706	(1,247)
Interest	---	---	263	263
TOTAL REVENUES	49,053	49,053	49,614	561
EXPENDITURES				
Routine street maintenance				
Operating labor	---	---	3,304	(3,304)
Materials	1,000	1,000	84	916
Equipment rental	---	---	4,747	(4,747)
	1,000	1,000	8,135	(7,135)
Traffic services				
Contracted services	1,200	1,200	361	839
Winter maintenance				
Materials	2,000	2,000	512	1,488
Tree Trimming				
Contracted services	---	---	975	(975)
Administrative				
Professional fees	410	410	763	(353)
TOTAL EXPENDITURES	4,610	4,610	10,746	(6,136)
EXCESS OF REVENUES OVER EXPENDITURES	44,443	44,443	38,868	(5,575)
FUND BALANCE AT BEGINNING OF YEAR	4,248	4,248	4,248	---
FUND BALANCE AT END OF YEAR	**$ 48,691**	**$ 48,691**	**$ 43,116**	**$ (5,575)**

VILLAGE OF BLOOMINGDALE, MICHIGAN
BUDGET COMPARISON SCHEDULE – LOCAL STREET FUND
For the Year Ended February 28, 2005

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget Fav (Unfav)
REVENUES				
Property taxes	$ 4,900	$ 4,900	$ 7,271	$ 2,371
Intergovernmental revenues	12,400	12,400	12,106	(294)
Interest	---	---	167	167
TOTAL REVENUES	17,300	17,300	19,544	2,244
EXPENDITURES				
Routine street maintenance				
Operating labor	---	---	2,865	(2,865)
Materials	3,000	3,000	61	2,939
Contracted services	---	---	4,000	(4,000)
Equipment rental	---	---	3,864	(3,864)
	3,000	3,000	10,790	(7,790)
Winter maintenance				
Materials	1,600	1,600	492	1,108
Tree Trimming				
Contracted services	---	---	800	(800)
Administrative				
Professional fees	410	410	742	(332)
TOTAL EXPENDITURES	5,010	5,010	12,824	(7,814)
EXCESS OF REVENUES OVER EXPENDITURES	12,290	12,290	6,720	(5,570)
FUND BALANCE AT BEGINNING OF YEAR	17,276	17,276	17,276	---
FUND BALANCE AT END OF YEAR	**$ 29,566**	**$ 29,566**	**$ 23,996**	**$ 5,570**

SEBER TANS, PLC
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

June 6, 2005

To the Village Council
Village of Bloomingdale, Michigan

In planning and performing our audit of the financial statements of Village of Bloomingdale, Michigan (the Village) as of and for the year ended February 28, 2005, we considered the Village's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of one particular matter that will have a significant impact on the accounting function of the Village. This matter is described in the following paragraph.

During our audit we noted that the Village Treasurer, Clerk, and Deputy Clerk were all using different accounting systems and data files to perform their respective accounting and financial reporting duties. We recommend that the Village network all computers in the office and utilize one accounting system and data file for all accounting and financial reporting functions.

We will review the status of this comment during our next audit engagement. We have already discussed this comment with various administrative and management personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

Sincerely,

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Seber Tans, PLC

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SEBER TANS, PLC
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

June 6, 2005

To the Village Council
Village of Bloomingdale, Michigan

We have audited the financial statements of Village of Bloomingdale, Michigan (the Village) as of and for the year ended February 28, 2005, and have issued our report thereon dated June 6, 2005. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated January 1, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Village. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village are described in Note A to the financial statements. As disclosed in Note H to the financial statements, GASB Statement No. 34 was adopted by the Village during the year ended February 28, 2005, drastically changing the Village's financial statements from those issued in prior years. We noted no transactions entered into by the Village during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the historic value of fixed assets and the related

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accumulated depreciation required by GASB Statement No. 34, as well as depreciation expense recorded for the year under audit.

Management's estimate of the value of fixed assets and related accumulated depreciation was based on the information contained in the general fixed asset account group. We evaluated the key factors and assumptions used to develop the values for fixed assets and the related accumulated depreciation in determining that they are reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Village's financial reporting process (that is, cause future financial statements to be materially misstated). The following audit adjustments, in our judgment, indicate matters that could have a significant effect on the Village's financial reporting process:

- As disclosed in Note I to the financial statements, we a proposed a prior period adjustment in the General Fund to increase fund balance and investments by $59,129, related to stock held by the Village. This adjustment was recorded by management.

- In the General Fund we proposed an audit adjustment to increase investments and revenues by $21,343, related to the appreciation in the value of stock held by the Village. This adjustment was recorded by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principals and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Difficulties Encountered in Performing the Audit

The completion of our audit was delayed for the following reason:

- Significant time was incurred related to assisting the Village in adopting the accounting standards required by GASB Statement No. 34, as well as the related financial reporting issues.

****

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

SEBER TANS, PLC

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SEBER TANS, PLC
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

June 6, 2005

To the Village Council
Village of Bloomingdale, Michigan

In planning and performing our audit of the financial statements of Village of Bloomingdale, Michigan (the Village) for the year ended February 28, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect the Organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls.

The Village does not have enough accounting personnel to provide for adequate segregation of duties.

This condition was considered in determining the nature, timing, and extent of the audit tests applied in our audit of the 2005 financial statements, and this report does not affect our report on those financial statements dated June 6, 2005. We have not considered internal control since the date of our report.

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

Sincerely,

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Seber Tans, PLC

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