

Bloom Township  
Scioto County  
Regular Audit  
For the Year Ended December 31, 2010



Millhuff-Stang, CPA, Inc.  
1428 Gallia Street, Suite 2  
Portsmouth, Ohio 45662  
Phone: 740.876.8548 ■ Fax: 888.876.8549  
Website: [www.milhuffstangcpa.com](http://www.milhuffstangcpa.com) ■ Email: [natalie@millhuffstangcpa.com](mailto:natalie@millhuffstangcpa.com)





# Dave Yost • Auditor of State

Board of Trustees  
Bloom Township  
P.O. Box 613  
South Webster, Ohio 45682

We have reviewed the *Independent Auditor's Report* of Bloom Township, Scioto County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

December 17, 2012

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***Bloom Township***  
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**Independent Auditor's Report**

Board of Trustees  
Bloom Township  
P.O. Box 613  
South Webster, Ohio 45682

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Township, Scioto County, Ohio (the Township), as of and for the year ended December 31, 2010, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Township, Scioto County, Ohio, as of December 31, 2010, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2012 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Scioto County  
Independent Auditor's Report  
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We conducted our audit to opine on the Township's financial statements taken as a whole. Management's Discussion and Analysis includes tables of net assets, changes in net assets, and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However, these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepting in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.



Natalie Millhuff-Stang, CPA  
President/Owner  
Millhuff-Stang, CPA, Inc.

October 26, 2012



***Bloom Township***  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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This discussion and analysis of Bloom Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2010, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2010 are as follows:

Net assets of governmental activities increased \$45,093, a significant change from the prior year. The funds most affected by the increase in cash and cash equivalents were the General Fund and the Gasoline Tax Special Revenue Fund.

The Township's general receipts are primarily property taxes and unrestricted grants and entitlements. These receipts represent \$77,334 of the total cash received for governmental activities during the year.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

**Report Components**

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

***Bloom Township***  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Township as a Whole**

The Statement of Net Assets and the Statement of Activities reflect how the Township did financially during 2010, within the limitations of the cash basis of accounting. The Statement of Net Assets presents the cash balances of the governmental activities of the Township at year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well, such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the Statement of Net Assets and the Statement of Activities, we divide the Township into two types of activities:

Governmental Activities – All of the Township's basic services are reported here, including general government services, maintenance of Township roads and bridges, and cemetery maintenance. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type Activities – The Township has no business-type activities.

***Bloom Township***  
 Management's Discussion and Analysis  
 For the Year Ended December 31, 2010  
 Unaudited

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**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, the Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge Special Revenue Funds.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2010 compared to 2009 on a cash basis:

(Table 1)  
**Net Assets**

	<u>Governmental Activities</u>		<u>Increase/ (Decrease)</u>
	<u>2010</u>	<u>2009</u>	
<i><b>Assets:</b></i>			
Equity in Pooled Cash and Cash Equivalents	\$203,343	\$158,250	\$45,093
<i><b>Net Assets:</b></i>			
Restricted for Other Purposes	160,162	127,865	32,297
Unrestricted	43,181	30,385	12,796
<i>Total Net Assets</i>	\$203,343	\$158,250	\$45,093

As mentioned previously, net assets of governmental activities increased \$45,093 during 2010. The primary reason contributing to this increase was that the Township continued monitoring disbursements more closely within its funds in an effort to better control its spending situation.

**Bloom Township**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

Table 2 reflects the changes in net assets for 2010 and 2009.

	Governmental Activities 2010	Governmental Activities 2009	Increase/ (Decrease)
<b>Receipts:</b>			
Program Cash Receipts:			
Operating Grants	\$118,422	\$122,591	(\$4,169)
Capital Grants	0	540,778	(540,778)
<b>Total Program Receipts</b>	<b>118,422</b>	<b>663,369</b>	<b>(544,947)</b>
General Receipts:			
Property Taxes	60,332	56,608	3,724
Grants and Entitlements not Restricted to Specific Programs	17,002	18,681	(1,679)
Interest	468	497	(29)
Other	8,525	7,992	533
<b>Total General Receipts</b>	<b>86,327</b>	<b>83,778</b>	<b>2,549</b>
<b>Total Receipts</b>	<b>204,749</b>	<b>747,147</b>	<b>(542,398)</b>
<b>Disbursements:</b>			
General Government	61,864	52,416	9,448
Public Works	71,453	91,371	(19,918)
Health	2,161	4,097	(1,936)
Capital Outlay	22,438	567,321	(544,883)
Debt Service:			
Principal Retirement	1,740	2,610	(870)
<b>Total Disbursements</b>	<b>159,656</b>	<b>717,815</b>	<b>(558,159)</b>
<b>Change in Net Assets</b>	<b>45,093</b>	<b>29,332</b>	<b>15,761</b>
<b>Net Assets at Beginning of Year</b>	<b>158,250</b>	<b>128,918</b>	<b>29,332</b>
<b>Net Assets at End of Year</b>	<b>\$203,343</b>	<b>\$158,250</b>	<b>\$45,093</b>

Program receipts represent \$118,422 of total receipts and are comprised of restricted intergovernmental receipts such as motor vehicle license monies and gas tax monies.

General receipts represent \$86,327 of the Township's total receipts and, of this amount, \$60,332 are property taxes and \$17,002 are unrestricted grants and entitlements. Other receipts are very insignificant and somewhat unpredictable revenue sources.

***Bloom Township***  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These activities include costs of the fiscal officer and a portion of the trustees, as well as internal services such as payroll and purchasing. General government represents \$61,864 of total disbursements of \$159,656, while public works disbursements represent \$71,453 of the total. Disbursements included within public works include primarily street maintenance and the trustees' salaries and benefits. Capital outlay totals \$22,438 and represents disbursements for capital projects and equipment purchases.

**Governmental Activities**

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. As previously mentioned, the major program disbursements for governmental activities are for general government, public works, and capital outlay. The next column of the Statement entitled Program Receipts identifies grants received by the Township that must be used to provide a specific service. The Net Receipts (Disbursements) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost Of Services 2010	Net Cost of Services 2010	Total Cost Of Services 2009	Net Cost of Services 2009
General Government	\$61,864	\$61,864	\$52,416	\$52,416
Public Works	71,453	(46,969)	91,371	(31,220)
Health	2,161	2,161	4,097	4,097
Capital Outlay	22,438	22,438	567,321	26,543
Debt Service:				
Principal Retirement	1,740	1,740	2,610	2,610
<i>Total Expenses</i>	<u>\$159,656</u>	<u>\$41,234</u>	<u>\$717,815</u>	<u>\$54,446</u>

**The Township's Funds**

Total governmental funds had receipts of \$204,749 and disbursements of \$159,656. The greatest change within governmental funds occurred in the Gasoline Tax Special Revenue Fund with an increase in its balance of \$24,603. The increase is due to the Township monitoring disbursements more closely and no longer reimbursing for health insurance premiums. As a result of the Township's continued focus on becoming financially sound within all of its funds, more disbursements relating to salaries and operating supplies are being made from the Gasoline Tax Fund due to the amount of receipts it has.

The General Fund balance increased \$12,796 as a result of the Township monitoring disbursements more closely and reallocating property tax revenue generated from inside millage to the General Fund. The increase also relates to more disbursements being made from the Gasoline Tax Special Revenue Fund.

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***Bloom Township***  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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The Motor Vehicle License Tax Special Revenue Fund balance decreased \$1,786. The decrease is a result of the Township completing a chip and seal project to repair roadway surfaces.

The Road and Bridge Special Revenue Fund balance increased \$2,689 as a result of the Township making salary and capital disbursements from other funds in 2010. In 2009, the Township decided to reallocate property tax revenue generated from inside millage to the General Fund; thus, the reallocation of disbursements was necessary to allow the fund balance to build in the Road and Bridge Special Revenue Fund.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2010, the Township amended its General Fund budget as needed. For 2010, there were no changes in the original budgeted and final budgeted receipts. Also for 2010, changes in receipt amounts reflected in the final budget and actual receipts of the Township existed as a result of the Township receiving more monies than anticipated and not adjusting its final budget for such receipts.

The increase in disbursements from the original to the final budget was \$3,412, which is insignificant. The difference in actual disbursements compared to the final budget was \$10,422. The Township made conservative estimates for contracted services that resulted in an excess of appropriations for the year.

Actual General Fund receipts were greater than disbursements by \$12,796. This was the result of the Township's continued monitoring of disbursements closely within the General Fund in an effort to better control its spending situation and reallocating property tax revenue generated from the Township's inside millage to this fund instead of to the Road and Bridge Fund.

**Capital Assets and Debt Administration**

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2010, the Township's outstanding debt included one Ohio Public Works Commission loan with a balance of \$1,741. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Diana Stonerock, Fiscal Officer, Bloom Township, 661 Webster St., South Webster, OH 45682.

***Bloom Township***  
Statement of Net Assets - Cash Basis  
December 31, 2010

	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$203,343</u></u>
<b><u>Net Assets:</u></b>	
Restricted for Other Purposes	160,162
Unrestricted	<u>43,181</u>
<i>Total Net Assets</i>	<u><u>\$203,343</u></u>

See Accompanying Notes to the Basic Financial Statements



**Bloom Township**  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2010

	Cash	Program Cash Receipts	Net Receipts (Disbursements) and Changes in Net Assets
	Disbursements	Operating Grants	
<b><u>Governmental Activities:</u></b>			
General Government	\$61,864	\$0	(\$61,864)
Public Works	71,453	118,422	46,969
Health	2,161	0	(2,161)
Capital Outlay	22,438	0	(22,438)
Debt Service:			
Principal Retirement	1,740	0	(1,740)
<i>Total Governmental Activities</i>	\$159,656	\$118,422	(41,234)
<b><u>General Receipts:</u></b>			
			60,332
Property Taxes			60,332
Grants and Entitlements not Restricted to Specific Programs			17,002
Interest			468
Other			8,525
<i>Total General Receipts</i>			86,327
<i>Change in Net Assets</i>			45,093
<i>Net Assets at Beginning of Year</i>			158,250
<i>Net Assets at End of Year</i>			\$203,343

See Accompanying Notes to the Basic Financial Statements

***Bloom Township***  
Statement of Assets and Fund Balances - Cash Basis  
Governmental Funds  
December 31, 2010

	General	Motor Vehicle License Tax	Gasoline Tax
<b><i>Assets:</i></b>			
Equity in Pooled Cash and Cash Equivalents	\$43,181	\$12,803	\$101,191
<b><i>Fund Balances:</i></b>			
Unreserved:			
Undesignated, Reported in:			
General Fund	\$43,181	\$0	\$0
Special Revenue Funds	0	12,803	101,191
<b><i>Total Fund Balances</i></b>	<b>\$43,181</b>	<b>\$12,803</b>	<b>\$101,191</b>

See Accompanying Notes to the Basic Financial Statements

Road and Bridge	Other Governmental Funds	Total Governmental Funds
<u>\$24,825</u>	<u>\$21,343</u>	<u>\$203,343</u>
\$0	\$0	\$43,181
<u>24,825</u>	<u>21,343</u>	<u>160,162</u>
<u>\$24,825</u>	<u>\$21,343</u>	<u>\$203,343</u>

***Bloom Township***  
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis  
Governmental Funds  
For the Year Ended December 31, 2010

	General	Motor Vehicle License Tax	Gasoline Tax
<b><u>Receipts:</u></b>			
Property Taxes	\$57,222	\$0	\$0
Intergovernmental	16,276	11,730	87,889
Interest	212	32	212
Other	950	0	0
<i>Total Receipts</i>	<u>74,660</u>	<u>11,762</u>	<u>88,101</u>
<b><u>Disbursements:</u></b>			
Current:			
General Government	61,864	0	0
Public Works	0	7,798	61,758
Health	0	0	0
Capital Outlay	0	5,750	0
Debt Service:			
Principal Retirement	0	0	1,740
<i>Total Disbursements</i>	<u>61,864</u>	<u>13,548</u>	<u>63,498</u>
<i>Net Change in Fund Balances</i>	12,796	(1,786)	24,603
<i>Fund Balances at Beginning of Year</i>	<u>30,385</u>	<u>14,589</u>	<u>76,588</u>
<i>Fund Balances at End of Year</i>	<u>\$43,181</u>	<u>\$12,803</u>	<u>\$101,191</u>

See Accompanying Notes to the Basic Financial Statements

Road and Bridge	Other Governmental Funds	Total Governmental Funds
\$3,110	\$0	\$60,332
5,325	14,204	135,424
0	12	468
0	7,575	8,525
8,435	21,791	204,749
0	0	61,864
746	1,151	71,453
0	2,161	2,161
5,000	11,688	22,438
0	0	1,740
5,746	15,000	159,656
2,689	6,791	45,093
22,136	14,552	158,250
\$24,825	\$21,343	\$203,343

***Bloom Township***  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	<i>Variance Positive (Negative)</i>
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes	\$54,168	\$54,168	\$57,222	\$3,054
Intergovernmental	11,310	11,310	16,276	4,966
Interest	50	50	212	162
Other	0	0	950	950
<i>Total Receipts</i>	65,528	65,528	74,660	9,132
<b><u>Disbursements:</u></b>				
Current:				
General Government	68,874	72,286	61,864	10,422
<i>Net Change in Fund Balance</i>	(3,346)	(6,758)	12,796	19,554
<i>Fund Balance at Beginning of Year</i>	30,385	30,385	30,385	0
<i>Fund Balance at End of Year</i>	\$27,039	\$23,627	\$43,181	\$19,554

See Accompanying Notes to the Basic Financial Statements

***Bloom Township***  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Motor Vehicle License Tax Fund  
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	<i>Variance Positive (Negative)</i>
	Original	Final		
<b><u>Receipts:</u></b>				
Intergovernmental	\$11,500	\$11,500	\$11,730	\$230
Interest	50	28	32	4
<i>Total Receipts</i>	11,550	11,528	11,762	234
<b><u>Disbursements:</u></b>				
Current:				
Public Works	9,088	8,338	7,798	540
Capital Outlay	5,000	5,750	5,750	0
<i>Total Disbursements</i>	14,088	14,088	13,548	540
<i>Net Change in Fund Balance</i>	(2,538)	(2,560)	(1,786)	774
<i>Fund Balance at Beginning of Year</i>	14,589	14,589	14,589	0
<i>Fund Balance at End of Year</i>	\$12,051	\$12,029	\$12,803	\$774

See Accompanying Notes to the Basic Financial Statements

***Bloom Township***  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Gasoline Tax Fund  
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	<i>Variance Positive (Negative)</i>
	Original	Final		
<b><u>Receipts:</u></b>				
Intergovernmental	\$80,000	\$80,000	\$87,889	\$7,889
Interest	100	100	212	112
<i>Total Receipts</i>	80,100	80,100	88,101	8,001
<b><u>Disbursements:</u></b>				
Current:				
Public Works	62,828	67,665	61,758	5,907
Debt Service:				
Principal Retirement	1,741	1,741	1,740	1
<i>Total Disbursements</i>	64,569	69,406	63,498	5,908
<i>Net Change in Fund Balance</i>	15,531	10,694	24,603	13,909
<i>Fund Balance at Beginning of Year</i>	76,588	76,588	76,588	0
<i>Fund Balance at End of Year</i>	\$92,119	\$87,282	\$101,191	\$13,909

See Accompanying Notes to the Basic Financial Statements



***Bloom Township***  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Road and Bridge Fund  
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	<i>Variance Positive (Negative)</i>
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes	\$2,044	\$2,004	\$3,110	\$1,106
Intergovernmental	427	427	5,325	4,898
<i>Total Receipts</i>	2,471	2,431	8,435	6,004
<b><u>Disbursements:</u></b>				
Current:				
Public Works	1,583	1,283	746	537
Capital Outlay	5,000	5,300	5,000	300
<i>Total Disbursements</i>	6,583	6,583	5,746	837
<i>Net Change in Fund Balance</i>	(4,112)	(4,152)	2,689	6,841
<i>Fund Balance at Beginning of Year</i>	22,136	22,136	22,136	0
<i>Fund Balance at End of Year</i>	\$18,024	\$17,984	\$24,825	\$6,841

See Accompanying Notes to the Basic Financial Statements

***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**Note 1 – Reporting Entity**

Bloom Township, Scioto County, Ohio (the “Township”), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance.

**Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization’s governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization’s resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

**Note 2 – Summary of Significant Accounting Policies**

These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township’s accounting policies.

**Basis of Presentation**

The Township’s basic financial statements consist of government-wide financial statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**Note 2 – Summary of Significant Accounting Policies** (continued)

*Government-wide Financial Statements*

The Statement of Net Assets and the Statement of Activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements usually distinguish between those activities of the Township that are governmental and those that are considered business-type. The Township has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The Statement of Net Assets presents the cash balance of the governmental activities of the Township at year-end. The Statement of Activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

*Fund Financial Statements*

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All funds of the Township are governmental funds.

*Governmental Funds*

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. Monies are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Township's major governmental funds:

General Fund – The General Fund is the operating fund of the Township and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**Note 2 – Summary of Significant Accounting Policies** (continued)

Motor Vehicle License Tax Fund – This fund is used to account for intergovernmental motor vehicle revenues used for road repairs and upkeep.

Gasoline Tax Fund – This fund is required by the Ohio Revised Code to account for State gasoline tax monies designated for maintenance of streets within the Township.

Road & Bridge Fund – This fund is required by the Ohio Revised Code to account for property and other local taxes designated for maintenance of streets within the Township.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**Note 2 – Summary of Significant Accounting Policies** (continued)

Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2010 was \$212, of which \$167 was assigned from other Township funds.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Township’s cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Township’s policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. The Township has restricted net assets of \$160,162, none of which is restricted by enabling legislation.

***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**Internal Activity**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. The Township had no interfund activity in 2010.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) presented for the General Fund and the Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge major Special Revenue Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**Note 4 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**Note 4 – Deposits and Investments** (continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Note 5 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax revenue received during 2010 for real and public utility property taxes represents collections of 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2010 taxes.

2010 real property taxes are levied after October 1, 2010, on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

Tangible personal property tax revenue received during 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Tangible personal property taxes from telephone companies will not be levied and collected after 2010.

**Bloom Township**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**Note 5 – Property Taxes** (continued)

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2010, was \$1.91 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2010 property tax receipts were based are as follows:

Real Property:	
Agricultural/Residential	\$18,982,530
Commercial/Industrial/Mineral	257,020
Public Utility Personal	8,590,910
General Business Personal	54,170
Total Assessed Value	<u>\$27,884,630</u>

**Note 6 – Risk Management**

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

For 2010, the Township contracted with Associated Risk Managers Finance Co. for liability, property, inland marine, and automobile liability insurance coverage and paid its premium to Cananwill, Inc., an agent for Associated Risk Managers Finance Co.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

**Note 7 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

Plan Description – The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.



***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**Note 7 – Defined Benefit Pension Plan** (continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for State and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10.0 percent. For the year ended December 31, 2010, members in State and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The Township's 2010 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Township's contribution was 17.87 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and five percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$4,769, \$4,524, and \$3,537, respectively. The full amount has been contributed for 2010, 2009 and 2008. No contributions to the Member-Directed Plan were made during 2010.

**Note 8 – Post-employment Benefits**

**Ohio Public Employees Retirement System**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**Note 8 – Postemployment Benefits** (continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers fund post retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, State and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for State and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and five percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Township’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$2,649, \$2,928, and \$3,537, respectively. The full amount has been contributed for 2010, 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**Bloom Township**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**Note 9 – Debt**

The Township’s long-term debt activity for the year ended December 31, 2010, was as follows:

	Principal Outstanding 12/31/09	Additions	Deductions	Principal Outstanding 12/31/10	Amount Due Within One Year
2002 OPWC Loan 0%					
Original Issue (\$17,401)	\$3,481	\$0	\$1,740	\$1,741	\$1,741

The OPWC loan was issued to finance the resurfacing of Piquet Road. The loan will be repaid in semi-annual installments over 10 years.

The Township’s future annual debt service requirement is \$1,741 due in 2011 for the OPWC Loan.

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township, less exempt debt, shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2010, were an overall debt margin of \$2,927,886 and an unvoted debt margin of \$1,533,655.

**Note 10 – Contingent Liabilities**

Litigation

The Township is not party to any legal proceedings.

Federal and State Grants

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – Fiscal Emergency**

On August 9, 2005, the Ohio Auditor of State declared Bloom Township in fiscal emergency, as defined by Ohio Revised Code Section 118.03. The declaration resulted in the establishment of a financial planning and supervision commission. The Commission is comprised of a representative of the Office of Budget and Management, a representative of the Treasurer of State, the President of the Bloom Township Board of Trustees, the Scioto County Auditor, and three individuals appointed by the Governor who are residents of Scioto County and meet certain criteria. The Commission is responsible for approving a financial recovery plan that eliminates the fiscal emergency conditions, balances the budget and avoids future deficits.

In accordance with Ohio Revised Code Section 118.06, Bloom Township is required to submit to the Commission a financial recovery plan which outlines the measures to be taken to eliminate the fiscal emergency condition. The Commission approved the initial recovery plan on March 25, 2008.

***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**Note 12 – Compliance**

The Township has appropriations in excess of estimated resources during the year which is contrary to Ohio Revised Code Section 5705.39.

The Township did not properly encumber funds prior to commitment which is contrary to Ohio Revised Code Section 5705.41(D).

The Township did not certify to the County Auditor the total amount from all sources available for expenditures timely which is contrary to Ohio Revised Code Section 5705.36.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Trustees  
Bloom Township  
P.O. Box 613  
South Webster, Ohio 45682

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Township, Scioto County, Ohio (the Township) as of and for the year ended December 31, 2010, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 26, 2012, wherein we noted the Township follows the cash basis of accounting, a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the Township is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

### **Internal Control Over Financial Reporting (Continued)**

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. These items are identified as items 2010-4 & 2010-5.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2010-1 through 2010-3.

We noted certain matters that we reported to management of the Township in a separate letter dated October 26, 2012.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



Natalie Millhuff-Stang, CPA  
President/Owner  
Millhuff-Stang, CPA, Inc.

October 26, 2012

**Bloom Township**  
Schedule of Findings and Responses  
For the Year Ended December 31, 2010

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**Findings Related to the Financial Statements Required to be Reported in Accordance With  
GAGAS**

**FINDING NUMBER 2010-1**

**Noncompliance Citation - Appropriations in Excess of Estimated Resources**

Ohio Revised Code Section 5705.39 states in part that total appropriations from each fund shall not exceed the total estimated resources. Estimated resources were not filed until January 29, 2010 for 2010. However, temporary appropriations were in place in December 2009. As a result, appropriations exceeded estimated resources during the period between adoption of appropriations and filing of estimated resources. Without timely filing its certificate of total amounts available for expenditure, the Township risks appropriating and spending in excess of estimated resources. We recommend that the Township implement the appropriate procedures to ensure that certificates are filed timely in accordance with State statute.

***Client Response:***

The Client chose not to respond.

**FINDING NUMBER 2010-2**

**Noncompliance Citation – Prior Encumbrance of Funds**

Ohio Revised Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The statute provides the following exceptions to this basic requirement:

**Then and Now Certificate:** This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that she is completing her certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$3,000 for political subdivisions other than counties, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Several invoice dates preceded encumbrance dates. Failure to certify the availability of funds properly can result in overspending funds and negative cash fund balances.

The Township should implement budgetary monitoring to ensure that funds are properly and timely encumbered prior to commitment.

***Client Response:***

The Client chose not to respond.

***Bloom Township***  
Schedule of Findings and Responses  
For the Year Ended December 31, 2010

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**FINDING NUMBER 2010-3**

**Noncompliance Citation - Certification of Available Revenue**

Ohio Revised Code Section 5705.36 states that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year.

A certificate was not filed until January 29, 2010 for 2010.

Without timely filing its certificate of total amounts available for expenditure, the Township risks appropriating and spending in excess of estimated resources.

We recommend that the Township implement the appropriate procedures to ensure that certificates are filed timely in accordance with State statute.

***Client Response:***

The Client chose not to respond.

**FINDING NUMBER 2010-4**

**Material Weakness – Budgetary Information Within UAN**

Accurate budgetary information within the Township's accounting system is pertinent to ensure that the Township has accurate and complete information for decision-making processes. Amendments to the budget should be properly documented in the minute record to provide assurance that changes to estimated resources and appropriations are authorized by the governing board. Amendments to the budget at the fund level should be filed with the County Auditor. Amendments were authorized by the Trustees in 2010 that were not recorded within the accounting system. Information within the accounting records was inaccurate and incomplete. As such, management of the Township could rely on such misinformation for decision-making. We recommend that the Township implement the appropriate procedures to ensure that all authorized budgetary amendments are properly and timely recorded within the accounting system.

***Client Response:***

The Client chose not to respond.



***Bloom Township***  
Schedule of Findings and Responses  
For the Year Ended December 31, 2010

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**FINDING NUMBER 2010-5**

**Material Weakness – Monitoring of Gasoline Charges**

Monitoring of financial activity is one of the most vital elements of an internal control environment as such procedures help to ensure that the Township's funds are being utilized for proper public purpose. During 2010, Township officials became aware that a Trustee had been utilizing a gasoline charge account improperly for personal gain for a span of time that included this audit period. The Township was subject to and experienced a loss of funds as a result of payment for improper charges to its gasoline account. The Township should review its internal control procedures over the usage of the gasoline charge account and update where appropriate to provide additional assurance that it mitigates future risk of loss.

**Client Response:**

The Client chose not to respond.

***Bloom Township***  
 Schedule of Prior Audit Findings  
 For the Year Ended December 31, 2010

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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Noncompliance Citation – ORC 507.09 – Overpayment of Clerk	Yes	
2009-1	Noncompliance Citation – ORC 5705.39 – Appropriations in Excess of Estimated Resources	No	Reissued as Finding 2010-1
2009-2	Noncompliance Citation – ORC 5705.41(D) – Prior Encumbrance of Funds	No	Reissued as Finding 2010-2
2009-3	Noncompliance Citation – ORC 5705.36 – Not timely filing total sources available for expenditure	No	Reissued as Finding 2010-3
2009-4	Material Weakness – Monitoring of Gasoline Charges	No	Reissued as Finding 2010-5



# Dave Yost • Auditor of State

**BLOOM TOWNSHIP**

**SCIOTO 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  
DECEMBER 27, 2012**