



**Auditor of State
Betty Montgomery**

**BLOOMFIELD TOWNSHIP
TRUMBULL COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Bloomfield Township
Trumbull County
P.O. Box 34
North Bloomfield, OH 44450

To the Board of Trustees:

We have audited the accompanying financial statements of Bloomfield Township, Trumbull County, (the Township) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2005 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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This report is intended solely for the information and use of the management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 29, 2005

**BLOOMFIELD TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDING DECEMBER 31, 2003**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Property and Other Local Taxes	\$18,081	\$23,468	\$37,115	\$78,664
Licenses, Permits, and Fees		3,634		3,634
Intergovernmental	28,071	74,620		102,691
Earnings on Investments	109	135		244
Miscellaneous	2,552	6,980		9,532
Total Cash Receipts	48,813	108,837	37,115	194,765
Cash Disbursements:				
Current:				
General Government	48,639	1,250		49,889
Public Safety	8,268	18,487		26,755
Public Works	1,541	85,017		86,558
Health	1,919	7,487		9,406
Conservation-Recreation	30,296			30,296
Capital Outlay		3,960		3,960
Debt Service:				
Redemption of Principal			34,136	34,136
Interest and Other Fiscal Charges			2,591	2,591
Total Cash Disbursements	90,663	116,201	36,727	243,591
Total Receipts Over/(Under) Disbursements	(41,850)	(7,364)	388	(48,826)
Other Financing Receipts/(Disbursements):				
Sale of Notes	25,000			25,000
Other Financing Uses	(230)			(230)
Total Other Financing Receipts/(Disbursements)	24,770	0	0	24,770
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(17,080)	(7,364)	388	(24,056)
Fund Cash Balance, January 1, 2003	33,440	67,655	0	101,095
Fund Cash Balance, December 31, 2003	\$16,360	\$60,291	\$388	\$77,039

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

**BLOOMFIELD TOWNSHIP
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDING DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$18,078	\$24,137	\$38,258		\$80,473
Licenses, Permits, and Fees		5,892			5,892
Intergovernmental	41,778	59,047		\$217,034	317,859
Earnings on Investments	539	432			971
Miscellaneous	1,988	5,659			7,647
Total Cash Receipts	62,383	95,167	38,258	217,034	412,842
Cash Disbursements:					
Current:					
General Government	50,490	920			51,410
Public Safety	1,932	19,618			21,550
Public Works	1,957	109,386		217,034	328,377
Health	1,853	9,729			11,582
Conservation-Recreation	4,030	0			4,030
Capital Outlay	6,500	2,622			9,122
Debt Service:					
Redemption of Principal			34,548		34,548
Interest and Other Fiscal Charges			3,710		3,710
Total Cash Disbursements	66,762	142,275	38,258	217,034	464,329
Total Receipts Over/(Under) Disbursements	(4,379)	(47,108)	0	0	(51,487)
Fund Cash Balance, January 1, 2002	37,819	114,763	0	0	152,582
Fund Cash Balance, December 31, 2002	<u>\$33,440</u>	<u>\$67,655</u>	<u>\$0</u>	<u>\$0</u>	<u>\$101,095</u>
Reserve for Encumbrances, December 31, 2002	<u>\$1,765</u>	<u>\$1,055</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,820</u>

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

**BLOOMFIELD TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Bloomfield Township, Trumbull County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

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

The Township's cash is held in an interest bearing checking account.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

**BLOOMFIELD TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Fire District Fund – This fund receives property tax money for operation of the Township Fire Department.

3. Debt Service Fund

The Township's Note Retirement Fund receives property tax money to be used for the repayment of general obligation notes related to road improvements and a park and recreation upgrade.

4. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Issue II Fund - The Township received 2 grants from the State of Ohio for the Haines Road Projects.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

**BLOOMFIELD TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH

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

	2003	2002
Demand deposits	\$77,039	\$101,095

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,111	\$73,813	(\$2,298)
Special Revenue	107,585	108,837	1,252
Debt Service	37,115	37,115	0
Total	\$220,811	\$219,765	(\$1,046)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 82,488	\$ 90,893	\$ (8,405)
Special Revenue	167,129	116,201	50,928
Debt Service	37,115	36,727	388
Total	\$ 286,732	\$ 243,821	\$ 42,911

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,615	\$62,383	\$9,768
Special Revenue	96,765	95,167	(1,598)
Debt Service	38,258	38,258	0
Capital Projects	0	217,034	217,034
Total	\$187,638	\$412,842	\$225,204

**BLOOMFIELD TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY – (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 90,436	\$ 68,527	\$ 21,909
Special Revenue	211,528	143,330	68,198
Debt Service	38,258	38,258	0
Capital Projects	0	217,034	(217,034)
Total	\$ 340,222	\$ 467,149	\$ (126,927)

During 2002, the Ohio Public Works Commission (OPWC) made payments to contractors on behalf of the Township for a State of Ohio Issue II project. Contrary to Ohio Revised Code Sections 5705.36 and 5705.40, the Township failed to certify the receipts to the County Budget Commission and appropriate the payments made on their behalf to the capital project fund.

4. PROPERTY TAX

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

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

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

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
General Obligation Note - Road Improvement	\$15,000	5%
General Obligation Note - Park and Recreation	25,000	3%
Total	\$40,000	

The Township issued general obligation notes to finance a road improvement and a Park & Recreation Upgrade. The note for the Park and Recreation Upgrade was initially issued for a 6 month period. The Township's taxing authority collateralized the notes.

**BLOOMFIELD TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT – (Continued)

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

	General Obligation Note - Road	General Obligation Note - Park
Year ending December 31:		
2004	\$15,750	\$25,375
Total	\$15,750	\$25,375

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2003 and 2002, members of OPERS contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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**Auditor of State
Betty Montgomery**

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

Bloomfield Township
Trumbull County
P.O. Box 34
North Bloomfield, OH 44450

To the Board of Trustees:

We have audited the financial statements of Bloomfield Township (the Township) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated July 29, 2005, wherein we noted the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item number 2003-001. In a separate letter to the Township's management dated July 29, 2005, we reported another matter related to noncompliance we deemed immaterial.

Bloomfield Township
Trumbull County
Independent Accountants Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management and Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 29, 2005

**BLOOMFIELD TOWNSHIP
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003 - 001

Noncompliance Citation

State of Ohio Issue II Project Accounting

Ohio Revised Code Section 5705.36(A)(3) allows all subdivisions to request an increased amended certificate of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater than the amount included in an official certificate. An increased amended certificate must be obtained from the county budget commission if the legislative authority intends to appropriate and expend the excess revenue. **Ohio Revised Code Section 5705.40** provides, in part, that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law that are followed in making the original appropriation. However, no appropriation for any purpose may be reduced below an amount sufficient to cover all un-liquidated and outstanding contracts or obligations certified from or against the appropriation.

During 2002, the Ohio Public Works Commission (OPWC) expended \$217,034 on behalf of the Township for expenses incurred from a State of Ohio Issue II project. The expenditure also constituted a grant from OPWC to the Township. The Township failed to follow the guidelines provided in Auditor of State Bulletin 2002-004 for the accounting of OPWC Issue II projects to include such activity in the capital project fund's receipt and disbursement ledgers. As a result, the Township did not certify the grant proceeds to the County Budget Commission and did not amend the appropriations of the capital project fund before expending the grant proceeds contrary to Ohio law. The accompanying financial statements have been adjusted to reflect the OPWC grant proceeds and expenditures.

We recommend the Township review the accounting requirements outlined in Auditor of State Bulletin 2002-004 when awarded a grant or loan from a State or Federal agency for a capital improvement project. Following the requirements will ensure the Township complies with applicable laws governing the reporting of project activities.



**Auditor of State
Betty Montgomery**

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BLOOMFIELD TOWNSHIP

TRUMBULL COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 6, 2005**