

BLOOM TOWNSHIP

SCIOTO COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2004

CAUDILL & ASSOCIATES, INC.

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Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditors' Report* of Bloom Township, Scioto County, prepared by Caudill & Associates, Inc., for the audit period January 1, 2004 through December 31, 2005. 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.

Ohio Rev. Code Section 507.09 provides that in a Township having a budget of more than one hundred thousand dollars but not more than two hundred and fifty thousand dollars, the compensation for 2005 for the clerk is to be \$9,197.00 and for the trustees is to be \$6,810.00.

Ohio Rev. Code Section 507.09 provides that in a Township having a budget of more than one hundred thousand dollars but not more than two hundred and fifty thousand dollars, the compensation for 2004 for the clerk is to be \$8,981.00 and for the trustees is to be \$6,650.00.

Diana Stonerock, Clerk, and Fred Canter, Trustee were overpaid for 2005. Diana Stonerock, Clerk, was overpaid for 2004, whereas, Fred Canter, Trustee, was underpaid for 2004. Diana Stonerock, Clerk, and Fred Canter, Trustee, were underpaid for 2003.

	Diana Stonerock	Fred Canter
(Underpayment) from 2003	(\$112.96)	(\$0.92)
Salary allowed for period January 1, 2004 - December 31, 2004 Budget:	\$8,981.00	\$6,650.00
Amount Paid	9,388.21	6,415.08
Overpayment/(Underpayment)	\$407.21	(\$234.92)

Salary allowed for period January 1, 2005 - December 31, 2005 Budget:	\$9,197.00	\$6,810.00
Amount Paid	<u>10,347.21</u>	<u>7,192.47</u>
Overpayment/(Underpayment)	<u>\$1,150.21</u>	<u>\$382.47</u>
Total Overpayment	<u>\$1,444.46</u>	<u>\$146.63</u>

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against Fred Canter, Trustee, Diana Stonerock, Clerk, and Western Surety Company, the bonding company, jointly and severally, in the amount of \$146.63, in favor of the General Fund of Bloom Township, Scioto County.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against Diana Stonerock, Clerk, and the Western Surety Company, her bonding company, jointly and severally, in the amount of \$1,444.46, and in favor of the General Fund of Bloom Township, Scioto County.

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.



Mary Taylor, CPA
Auditor of State

August 15, 2007

Bloom Township
 Scioto County, Ohio
 For the Years Ended December 31, 2004
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Scioto County, Ohio
For the Years Ended December 31, 2004
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Independent Auditors' Report

Board of Trustees
Bloom Township
Scioto County, Ohio
P.O. Box 613
South Webster, OH 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, 2004 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 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed 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 basis 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, 2004, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, and Cemetery Funds, thereof for the year then ended in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2006, 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. 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 to provide an opinion on the internal control over financial reporting or 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.

The Management's Discussion and Analysis at pages 3-8 is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

As discussed further in Note 2, for the year ended December 31, 2004, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. The Township also implemented Governmental Accounting Standards Board Statement No. 38 – *Certain Additional Note Disclosures*, and GASB Statement No. 40 – *Deposits and Investment Risk Disclosures*.



Caudill & Associates, CPAs, Inc.
August 21, 2006

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Bloom Township
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

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, 2004, within the limitations of the Township's cash basis 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 2004 are as follows:

Net assets of governmental activities increased \$2,480 a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Motor Vehicle License Fund.

The Township's general receipts are primarily property and other local taxes. These receipts represent respectively 28 percent of the total cash received for governmental activities during the year. Property and other local taxes receipts for 2004 changed very little compared to 2003 as development within the Township has slowed.

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 explanation and detail 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.

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

Bloom Township
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

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 2004, within the limitations of cash basis 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 and income taxes.

In the Statement of Net Assets and the statement of activities, we divide the Township into one type of activity:

Governmental activities. Most of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

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. The funds of the Township are split into two categories: governmental and fiduciary.

Governmental Funds - Most 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 and Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, and Cemetery Special Revenue Funds.

Bloom Township
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2004 compared to 2003 on a cash basis:

(Table 1)
Net Assets

	<u>Governmental Activities</u>		Increase/
	<u>2004</u>	<u>2003</u>	<u>(Decrease)</u>
Assets			
Cash and Cash Equivalents	<u>\$2,931</u>	<u>\$451</u>	<u>\$2,480</u>
Net Assets			
Restricted for Other Purposes	22,918	16,532	6,386
Unrestricted	<u>(19,987)</u>	<u>(16,081)</u>	<u>(3,906)</u>
Total Net Assets	<u>\$2,931</u>	<u>\$451</u>	<u>\$2,480</u>

As mentioned previously, net assets of governmental activities increased \$2,480 during 2004. The primary reason contributing to the increase in the cash balance is an increase in intergovernmental revenues.

Table 2 reflects the changes in net assets in 2004. Since the Township did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Bloom Township
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities 2004
	2004
Receipts:	
Program Receipts:	
Operating Grants	103,050
Total Program Receipts	103,050
General Receipts:	
Property and Other Local Taxes	48,090
Grants and Entitlements Not Restricted to Specific Programs	13,396
Interest	73
Miscellaneous	4,799
Total General Receipts	66,358
<i>Total Receipts</i>	169,408
 Disbursements:	
General Government	57,575
Public Works	102,252
Health	5,361
Debt Service:	
Principal Retirement	1,740
<i>Total Disbursements</i>	166,928
Increase in Net Assets	2,480
Net Assets Beginning of Year	451
Net Assets End of Year	\$2,931

Program receipts represent 61 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 39 percent of the Township's total receipts, and of this amount, approximately 72 percent are property and other local taxes.

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 auditor, clerk, and a portion of the trustees, as well as internal services such as payroll and purchasing. General government represents 34 percent of total disbursements while public works disbursements represent 61 percent of the total. Disbursements included within public works include primarily street maintenance, trustees' salaries and benefits.

Bloom Township
 Management's Discussion and Analysis
 For the Year Ended December 31, 2004
 Unaudited

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. The major program disbursements for governmental activities are for general government and public works, which account for 34 and 61 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 8 percent. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) 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 2004	Net Cost of Services 2004
	2004	2004
General Government	\$57,575	\$57,575
Public Works	102,252	(798)
Health	5,361	5,361
Debt Service:		
Principal Retirement	1,740	1,740
Total Expenses	\$166,928	\$63,878

The dependence upon property tax receipts is apparent as over 28 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$169,408 and disbursements of \$166,928. The greatest change within governmental funds occurred within the Motor Vehicle License Fund. The fund balance of the Motor Vehicle License Fund increased \$4,935.

General Fund receipts were less than disbursements by \$3,906 indicating that the General Fund is in a deficit spending situation. The Township is currently in fiscal emergency due in part to the deficit spending situation. A five year recovery plan has been implemented in order to better control spending.

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.

Bloom Township
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Proper budgetary procedures were not followed. Therefore, all budgeted amounts will be zero. Actual disbursements were \$55,012.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2004, the Township's outstanding debt included one Ohio Public Works Commission loan with a balance of \$12,181. For further information regarding the Township's debt, refer to Note 10 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, Clerk, Bloom Township, 661 Webster St., South Webster, OH 45682.

Bloom Township
Statement of Net Assets - Cash Basis
December 31, 2004

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 2,931
	<hr/>
<u>Net Assets:</u>	
Restricted for Other Purposes	22,918
Unrestricted	(19,987)
	<hr/>
<i>Total Net Assets</i>	<u>\$ 2,931</u>

See Accompanying Notes to the Basic Financial Statements

Bloom Township
Statement of Activities - Cash Basis
For the Year Ended December 31, 2004

		<u>Program Cash Receipts</u>	
	Cash	Operating	Net Receipts
	<u>Disbursements</u>	<u>Grants</u>	<u>(Disbursements) and</u> <u>Changes in Net Assets</u>
<i><u>Governmental Activities:</u></i>			
General Government	\$ 57,575	\$ -	\$ (57,575)
Public Works	102,252	103,050	798
Health	5,361	-	(5,361)
Debt Service:			
Principle Retirement	1,740	-	(1,740)
<i>Total Governmental Activities</i>	<u>\$ 166,928</u>	<u>\$ 103,050</u>	<u>(63,878)</u>
Property and Other Taxes Levied for			
General Purposes			48,090
Grants and Entitlements not			
Restricted to Specific Programs			13,396
Interest			73
Miscellaneous			4,799
<i>Total General Receipts</i>			<u>66,358</u>
Change in Net Assets			2,480
<i>Net Assets Beginning of Year</i>			<u>451</u>
<i>Net Assets End of Year</i>			<u>\$ 2,931</u>

See Accompanying Notes to the Basic Financial Statements

Bloom Township
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004

	General	Motor Vehicle License Tax	Gasoline Tax
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ (19,987)	\$ 19,745	\$ (1,818)
<u>Fund Balances:</u>			
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	(19,987)	-	-
Special Revenue Funds	-	19,745	(1,818)
<i>Total Fund Balances</i>	\$ (19,987)	\$ 19,745	\$ (1,818)

See Accompanying Notes to the Basic Financial Statements

<u>Road and Bridge</u>	<u>Cemetery</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>\$ 3,779</u>	<u>\$ 1,765</u>	<u>\$ (553)</u>	<u>\$ 2,931</u>
-	-	-	(19,987)
<u>3,779</u>	<u>1,765</u>	<u>(553)</u>	<u>22,918</u>
<u>\$ 3,779</u>	<u>\$ 1,765</u>	<u>\$ (553)</u>	<u>\$ 2,931</u>

Bloom Township
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	<u>General</u>	<u>Motor Vehicle License Tax</u>	<u>Gasoline Tax</u>
<u>Receipts:</u>			
Property and Other Local Taxes	\$ 38,200	\$ -	\$ -
Intergovernmental	11,749	13,501	73,798
Interest	73	-	-
Other	1,084	-	15
	<u>51,106</u>	<u>13,501</u>	<u>73,813</u>
<u>Disbursements:</u>			
Current:			
General Government	55,012	-	1,577
Public Works	-	8,566	71,368
Health	-	-	-
Debt Service:			
Principal Retirement	-	-	1,740
	<u>55,012</u>	<u>8,566</u>	<u>74,685</u>
Net Change in Fund Balances	(3,906)	4,935	(872)
Fund Balances Beginning of Year	<u>(16,081)</u>	<u>14,810</u>	<u>(946)</u>
Fund Balances (Deficit) End of Year	<u>\$ (19,987)</u>	<u>\$ 19,745</u>	<u>\$ (1,818)</u>

See Accompanying Notes to the Basic Financial Statements

Road and Bridge	Cemetery	Other Governmental Funds	Total Governmental Funds
\$ 9,890	\$ -	\$ -	\$ 48,090
1,258	-	16,140	116,446
-	-	-	73
-	3,700	-	4,799
<u>11,148</u>	<u>3,700</u>	<u>16,140</u>	<u>169,408</u>
325	-	661	57,575
9,500	-	12,818	102,252
-	5,361	-	5,361
-	-	-	1,740
<u>9,825</u>	<u>5,361</u>	<u>13,479</u>	<u>166,928</u>
1,323	(1,661)	2,661	2,480
<u>2,456</u>	<u>3,426</u>	<u>(3,214)</u>	<u>451</u>
<u>\$ 3,779</u>	<u>\$ 1,765</u>	<u>\$ (553)</u>	<u>\$ 2,931</u>

Bloom Township
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Property and Other Local Taxes	\$ -	\$ -	\$38,200	\$38,200
Intergovernmental	-	-	11,749	11,749
Interest	-	-	73	73
Other	-	-	1,084	1,084
<i>Total Receipts</i>	-	-	51,106	51,106
<u>Disbursements:</u>				
Current:				
General Government	-	-	55,012	(55,012)
Net Change in Fund Balance	-	-	(3,906)	(3,906)
Fund Balance (Deficit) Beginning of Year	(16,081)	(16,081)	(16,081)	-
Fund Balance (Deficit) End of Year	<u>\$ (16,081)</u>	<u>\$ (16,081)</u>	<u>\$ (19,987)</u>	<u>\$ (3,906)</u>

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, 2004

	Budgeted Amounts		Actual	<i>Variance Positive (Negative)</i>
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$ -	\$ -	\$ 13,501	\$ 13,501
<u>Disbursements:</u>				
Current:				
Public Works	-	-	8,566	(8,566)
Net Change in Fund Balance	-	-	4,935	4,935
Fund Balance Beginning of Year	14,810	14,810	14,810	-
Fund Balance End of Year	<u>\$ 14,810</u>	<u>\$ 14,810</u>	<u>\$ 19,745</u>	<u>\$ 4,935</u>

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, 2004

	Budgeted Amounts		Actual	<i>Variance</i>
	Original	Final		<i>Positive</i> <i>(Negative)</i>
<u>Receipts:</u>				
Intergovernmental	\$ -	\$ -	\$ 73,798	\$ 73,798
Other	-	-	15	15
<i>Total Receipts</i>	-	-	73,813	73,813
<u>Disbursements:</u>				
Current:				
General Government	-	-	1,577	(1,577)
Public Works	-	-	71,368	(71,368)
Debt Service:				
Principal Retirement	-	-	1,740	(1,740)
<i>Total Disbursements</i>	-	-	74,685	(74,685)
Net Change in Fund Balance	-	-	(872)	(872)
Fund Balance (Deficit) Beginning of Year	(946)	(946)	(946)	-
Fund Balance (Deficit) End of Year	\$ (946)	\$ (946)	\$ (1,818)	\$ (872)

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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Property and Other Local Taxes	\$ -	\$ -	\$ 9,890	\$ 9,890
Intergovernmental	-	-	1,258	1,258
<i>Total Receipts</i>	<u>-</u>	<u>-</u>	<u>11,148</u>	<u>11,148</u>
<u>Disbursements:</u>				
Current:				
General Government	-	-	325	(325)
Public Works	-	-	9,500	(9,500)
<i>Total Disbursements</i>	<u>-</u>	<u>-</u>	<u>9,825</u>	<u>(9,825)</u>
Net Change in Fund Balance	-	-	1,323	1,323
Fund Balance Beginning of Year	<u>2,456</u>	<u>2,456</u>	<u>2,456</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 2,456</u>	<u>\$ 2,456</u>	<u>\$ 3,779</u>	<u>\$ 1,323</u>

See Accompanying Notes to the Basic Financial Statements

Bloom Township
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Cemetery Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Other	\$ -	\$ -	\$ 3,700	\$ 3,700
<u>Disbursements:</u>				
Current:				
Health	-	-	5,361	(5,361)
Net Change in Fund Balance	-	-	(1,661)	(1,661)
Fund Balance Beginning of Year	3,426	3,426	3,426	-
Fund Balance End of Year	<u>\$ 3,426</u>	<u>\$ 3,426</u>	<u>\$ 1,765</u>	<u>\$ (1,661)</u>

See Accompanying Notes to the Basic Financial Statements

Bloom Township
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
December 31, 2004

	<u>Private Purpose Trust</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 3,944
<u>Net Assets:</u>	
Held in Trust for Cemetery Maintenance	\$ 3,944

See accompanying notes to the basic financial statements

Bloom Township
Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Fund
For the Year Ended December 31, 2004

	Private Purpose Trust
<u>Additions:</u>	
Interest	\$ 47
<u>Deductions:</u>	-
Change in Net Assets	47
Net Assets Beginning of Year	3,897
Net Assets End of Year	\$ 3,944

See Accompanying Notes to the Basic Financial Statements

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

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 Clerk.

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.

A. 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.

B. 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.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, 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.

A. 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, 2004

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, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. The Township has no business-type activities.

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 modified 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 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. Fiduciary funds are reported by type.

B. 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. The funds of the Township are divided into two categories: governmental and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. 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, 2004

Note 2 – Summary of Significant Accounting Policies (continued)

Motor Vehicle License Tax Fund – To account for intergovernmental motor vehicle revenues used for road repairs and upkeep.

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

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

Cemetery Fund – To account for revenue from the sale of plots and interest used for the care and upkeep of the cemetery.

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

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township has one private purpose trust fund, the Cemetery Bequest Fund, which receives interest income for maintaining the cemetery.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified 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.

D. Budgetary Process

All funds, except agency 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 ordinance, 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.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 2 – Summary of Significant Accounting Policies (continued)

The appropriations ordinance 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 Clerk. 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 certificated of estimated resources in effect at the time final appropriations were passed by the Township. For 2004, the Township did not file an official amended certificate with the County Auditor.

The appropriations ordinance 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 ordinance 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. For 2004, the Township did not file official appropriations with the County Auditor.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. 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 2005 was \$73 which was assigned from other Township funds.

F. 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.

G. 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.

H. 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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 2 – Summary of Significant Accounting Policies (continued)

I. Long-Term Obligations

The Township's modified 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.

J. 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 no restricted net assets.

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 and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Accountability and Compliance

A. Accountability

At December 31, 2004 the following funds had deficits:

<u>Fund</u>	<u>Amount</u>
General	\$19,987
Gasoline Tax	1,818
Permissive Motor Vehicle License	712

The Township is currently in Fiscal Emergency due in part to deficit balances in these funds. The Township has adopted a recovery plan to address these issues.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 3 – Accountability and Compliance (continued)

B. Compliance

The following table shows disbursements in excess of appropriations for 2004:

<u>Fund / Function</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Excess</u>
General:			
General Government	\$0	\$55,012	(\$55,012)
Motor Vehicle License Tax:			
Public Works	0	8,566	(8,566)
Gasoline Tax:			
General Government	0	1,577	(1,577)
Public Works	0	71,368	(71,368)
Debt Principal	0	1,740	(1,740)
Road and Bridge:			
General Government	0	325	(325)
Public Works	0	9,500	(9,500)
Cemetery:			
Health	0	5,361	(5,361)
Permissive Motor Vehicle License Tax:			
General Government	0	661	(661)
Public Works	0	12,818	(12,818)

The Township will monitor budgetary controls more closely in the future to alleviate such compliance issues.

Note 4 – 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 – Budgetary Basis presented for the General Fund and the Motor Vehicle License Tax, Gasoline Tax, Road and Bridge and Cemetery major Special Revenue Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 5 – 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.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 5 – Deposits and Investments (continued)

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, notes, 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;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty 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;
7. The State Treasurer's investment pool (STAR Ohio).

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.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 5 – Deposits and Investments (continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2004, all of the \$7,250 Township's bank balance was insured and was not exposed to custodial credit risk.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2004 represent the collection of 2003 taxes. Real property taxes received in 2004 were levied after October 1, 2003, on the assessed values as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2004 represent the collection of 2003 taxes. Public utility real and tangible personal property taxes received in 2003 became a lien on December 31, 2002, were levied after October 1, 2003, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2004 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2004 were levied after October 1, 2003, on the true value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, 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, 2004, was \$1.91 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property:	
Agricultural/Residential	\$15,828,280
Commercial/Industrial/Mineral	134,050
Public Utility Real	64,950
Tangible Personal Property:	
General	109,660
Public Utility Real	7,484,670
Total Assessed Value	<u><u>\$23,621,610</u></u>

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 7 – Risk Management

The township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General reinsurance Corporation.

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

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional 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 that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 8 – Defined Benefit Pension Plan (continued)

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$5,953, \$4,881, and \$4,470 respectively. The full amount has been contributed for 2004, 2003 and 2002. Contributions to the member-directed plan for 2004 were \$415 made by the Township and \$662 made by the plan members.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$2,493. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 9 - Postemployment Benefits (continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 10 – Debt

The Township's long-term debt activity for the year ended December 31, 2004, was as follows:

<u>Governmental Activities:</u>	<u>Principal Outstanding 12/31/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 12/31/04</u>	<u>Amounts Due Within One Year</u>
2002 OPWC Loan 0% Original Issue (\$17,401)	\$13,921	\$0	\$1,740	\$12,181	\$870

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

The following is a summary of the Township's future annual debt service requirements (no interest is disclosed for future annual debt service due to 0% rate):

<u>Year</u>	<u>OPWC Loan Principal</u>
2005	\$870
2006	1,740
2007	1,740
2008	1,740
2009	1,740
2010-2012	4,351
Total	<u>\$12,181</u>

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 the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2004, were an overall debt margin of \$2,480,269 and an unvoted debt margin of \$1,299,189.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2004

Note 11 – 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.

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Kentucky Society of Certified Public Accountants

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
Scioto County, Ohio
P.O. Box 613
South Webster, OH 45682

We have audited the financial statements of the government activities, each major fund, and the aggregate remaining fund information of Bloom Township, Scioto County, Ohio (the "Township") as of and for the years ended December 31, 2004, which collectively comprise the Township's financial statements and have issued our report thereon dated August 21, 2006 wherein we noted the Township prepared its financial statements on the cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We also noted that the Township implemented GASB Statements No. 38 and 40. 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

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2004-001 through 2004-006.

We noted certain other matters that we have reported to management of the Township in a separate letter dated August 21, 2006.

Bloom Township
Scioto County
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
Page 2

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



Caudill & Associates, CPAs, Inc.
August 21, 2006

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004**

FINDING NUMBER 2004-001

Material Noncompliance – Overpayment of Clerk

Ohio Rev. Code Section 507.09 provides that in a Township having a budget of more than one hundred thousand dollars but not more than two hundred and fifty thousand dollars, the compensation for 2004 for the clerk elected is to be \$8,981. The Clerk, Diana Stonerock received compensation in the amount of \$9,388.21 during 2004. This amount included compensation for an underpayment in the amount of \$113.00 from the prior audit. This resulted in an overpayment for 2004 in the amount of \$294.21.

Salary allowed for period January 1, 2004 – December 31, 2004 Budget:	\$8,981.00
Amount Paid Including Underpayment From Prior Audit	\$9,388.21
Underpayment from the prior audit	\$113.00
Adjusted Amount Paid Excluding Underpayment	\$9,275.21
Overpayment	\$294.21

Response

The Township Clerk will resolve this matter with the Auditor of State.

FINDING NUMBER 2004-002

Material Noncompliance – Payment of Insurance Premiums

Per Ohio Rev. Code Section 505.60 and 505.601, Townships may reimburse a township officer or employee for out-of-pocket premiums for insurance policies, including long-term care insurance. The reimbursement is permitted for a township officer or employee who is denied coverage under a township health care plan established pursuant to Ohio Rev. Code Section 505.60, or who elects not to participate in the township’s plan. The reimbursement cannot exceed an amount equal to the average premium paid by the township under the polices it procures [Ohio Rev. Code Section 505.60(C)].

A township that does not procure health care benefits for its officers and employees is permitted to reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs. However, pursuant to Ohio Rev. Code Section 505.601, the township must meet the following three conditions:

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 (Continued)**

FINDING NUMBER 2004-002

Material Noncompliance – Payment of Insurance Premiums (Continued)

1. The board of township trustees adopts a resolution stating that the township has chosen not to procure a health care plan and has chosen instead to reimburse its officers and employees for each out-of-pocket premium.
2. The resolution provides for a uniform maximum monthly or yearly payment amount for each officer and employee,
3. The resolution states the specific benefits, pursuant to Ohio Rev. Code Section 505.60(A), that will be reimbursed.

The Township elected officials insurance premiums were paid directly to the insurance company. Also, the Township does not have a resolution for reimbursement of insurance premiums.

We recommend that the Township stop paying the insurance premiums directly to the insurance companies and adopt a resolution on the reimbursement of insurance premiums to township officers and employees for out-of-pocket premiums for insurance policies.

Response

The Township will adopt a resolution to reimburse township officers and employees for out-of-pocket premiums for insurance policies and stop paying premiums directly to the insurance companies.

FINDING NUMBER 2004-003

Material Noncompliance - Negative Fund Balances

Ohio Rev. Code Section 5705.10, provides that all money paid into a fund must be used only for purposes for which the fund was established. As a result, negative fund balances indicate that money from one fund was used to cover the expenses of another fund. The Township had significant negative fund balances in various funds, as follows:

<u>Date</u>	<u>Fund</u>	<u>Balance</u>
December 31, 2004	General	\$ (19,987)
December 31, 2004	Gasoline Tax	\$ (1,818)
December 31, 2004	Permissive Motor Vehicle License	\$ (712)

We recommend that the Township monitor their fund balances to ensure that funds are used solely for their intended purpose and to prevent negative fund balances.

Response

The Township will monitor resources and disbursements more closely.

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 (Continued)**

FINDING NUMBER 2004-004

Material Noncompliance – Failure to obtain certificate of estimated resources

Ohio Rev. Code, Section 5705.36, provides that on or about the first day of the fiscal year, the fiscal officer of the subdivision 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.

The Township failed 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.

Response

The Township Clerk will 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.

FINDING NUMBER 2004-005

Material Noncompliance – Failure to approve appropriations

Ohio Rev. Code, Section 5705.38A requires, in part, that on or about the first day of each fiscal year, an appropriation measure to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for the meeting of ordinary expenses until April 1.

The Township did not pass the annual appropriation measure for 2004, nor did it pass a temporary appropriation measure. As a result, the budgeted amounts in the expenditure journal could not be supported as approved by the Trustees as legal appropriations.

We recommend the Board of Trustees adopt an annual appropriation measure and this be recorded in the minutes of the meeting and filed with the County Auditor. A copy of the appropriation measure should also be retained by the Township Trustees.

Response

The Township Board of Trustees will adopt an annual appropriation measure.

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 (Continued)**

FINDING NUMBER 2004-006

Material Noncompliance – Expenditures exceeding appropriations

Ohio Rev. Code, Section 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated.

There were no approved appropriations for the year ended December 31, 2004; therefore, expenditures in all funds exceeded appropriations.

The Clerk should deny payment requests exceeding appropriations. The Township Clerk may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Response

The Township Clerk will make an effort to monitor budgetary activity more closely.

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2003-001	ORC Section 507.09 , Overpayment of Clerk	No	Reissued, see finding 2004-001
2003-002	ORC Section 5705.10, Negative Fund Balances	No	Reissued, see finding 2004-003
2003-003	ORC Section 5705.38(A), Failure to approve appropriations	No	Reissued, see finding 2004-005
2003-004	ORC Section 5705.41(B), Expenditures exceeding appropriations	No	Reissued, see finding 2004-006
2003-005	ORC Section 5705.41(D), Failure to certify funds	Yes	
2003-006	Reportable Condition – Estimated Receipts exceeded actual receipts	No	Reissued, see finding 2004-004
2003-007	Reportable Condition – Failure to reconcile bank statements on a monthly basis	Yes	
2003-008	Reportable Condition – Posting errors	Yes	
2003-009	Material Weakness – Deficit balances	Yes	



Mary Taylor, CPA
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
AUGUST 28, 2007**