



**BLOOM TOWNSHIP
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009



Mary Taylor, CPA
Auditor of State

**BLOOM TOWNSHIP
WOOD COUNTY**

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Mary Taylor, CPA
Auditor of State

Bloom Township
Wood County
5582 Bloomdale Road
Bloomdale, Ohio 44817

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 16, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Bloom Township
Wood County
5582 Bloomdale Road
Bloomdale, Ohio 44817

To the Board of Trustees:

We have audited the accompanying financial statements of Bloom Township, Wood County, (the Township) as of and for the years ended December 31, 2009 and 2008. 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 reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Bloom Township, Wood County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2010, 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.



Mary Taylor, CPA
Auditor of State

June 16, 2010

**BLOOM TOWNSHIP
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Private Purpose Trust</u>	
Cash Receipts:					
Property and Other Local Taxes	\$69,765	\$332,900			\$402,665
Charges for Services	3,235				3,235
Licenss, Permits, and Fees	1,435	6,950			8,385
Intergovernmental	194,702	182,614			377,316
Earnings on Investments	9,110	4,725			13,835
Miscellaneous	6,871	1,958			8,829
Total Cash Receipts	285,118	529,147			814,265
Cash Disbursements:					
Current:					
General Government	101,629				101,629
Public Safety	748	32,927			33,675
Public Works	940	264,013			264,953
Health	2,149	5,499			7,648
Capital Outlay	10,645	90,810			101,455
Debt Service:					
Redemption of Principal		132,294			132,294
Interest and Other Fiscal Charges		14,512			14,512
Total Cash Disbursements	116,111	540,055			656,166
Total Receipts Over/(Under) Disbursements	169,007	(10,908)			158,099
Other Financing Receipts / (Disbursements):					
Transfers-In		110,000	\$50,370		160,370
Transfers-Out	(160,370)				(160,370)
Total Other Financing Receipts / (Disbursements)	(160,370)	110,000	50,370		
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	8,637	99,092	50,370		158,099
Fund Cash Balances, January 1	86,495	605,681	14,810	175	707,161
Fund Cash Balances, December 31	\$95,132	\$704,773	\$65,180	\$175	\$865,260

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

**BLOOM TOWNSHIP
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Private Purpose Trust</u>	
Cash Receipts:					
Property and Other Local Taxes	\$72,301	\$349,003			\$421,304
Charges for Services	2,740				2,740
Licenses, Permits, and Fees	1,250				1,250
Fines and Forfeitures	3,000	13,100			16,100
Intergovernmental	48,079	173,362			221,441
Earnings on Investments	8,466	8,536		\$1	17,003
Miscellaneous	1,521				1,521
Total Cash Receipts	137,357	544,001		1	681,359
Cash Disbursements:					
Current:					
General Government	102,575				102,575
Public Safety	367	32,752			33,119
Public Works	426	293,194			293,620
Health	1,900	8,083			9,983
Capital Outlay	30,421	624,335			654,756
Debt Service:					
Redemption of Principal		80,504			80,504
Interest and Other Fiscal Charges		15,548			15,548
Total Cash Disbursements	135,689	1,054,416			1,190,105
Total Receipts Over/(Under) Disbursements	1,668	(510,415)		1	(508,746)
Other Financing Receipts / (Disbursements):					
Lease Proceeds		429,414			429,414
Transfers-In			\$13,217		13,217
Transfers-Out	(13,217)				(13,217)
Total Other Financing Receipts / (Disbursements)	(13,217)	429,414	13,217		429,414
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(11,549)	(81,001)	13,217	1	(79,332)
Fund Cash Balances, January 1	98,044	686,682	1,593	174	786,493
Fund Cash Balances, December 31	\$86,495	\$605,681	\$14,810	\$175	\$707,161

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

**BLOOM TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Bloom Township, Wood 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, fire protection and emergency medical services. The Township contracts with the Villages of Bloomdale and Cygnet to provide fire services and the Village of Bloomdale to provide ambulance services.

Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. 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. Fund Accounting

The Township uses fund accounting to segregate cash that is 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 private-purpose 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.

**BLOOM TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

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

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

Fire Truck Special Levy Fund - This fund receives property tax money for the purchase of fire equipment.

3. Capital Project Funds

These funds account 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:

Capital Equipment Fund – This fund accumulates resources for the purpose of purchasing a truck to be used for road maintenance.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds 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's private purpose trust fund is for the benefit of certain individuals.

D. 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. Appropriations lapse at year end.

2. Estimated Resources

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

**BLOOM TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not use the encumbrance method of accounting.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

E. 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.

2. Equity in Pooled Deposits

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

	2009	2008
Demand deposits	\$865,260	\$707,161

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$108,585	\$285,118	\$176,533
Special Revenue	536,166	639,147	102,981
Capital Projects		50,370	50,370
Trust	1		(1)
Total	\$644,752	\$974,635	\$329,883

**BLOOM TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity – (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$195,080	\$276,481	(\$81,401)
Special Revenue	1,141,847	540,055	601,792
Capital Projects	14,810		14,810
Trust	175		175
Total	\$1,351,912	\$816,536	\$535,376

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$122,153	\$137,357	\$15,204
Special Revenue	959,709	973,415	13,706
Capital Projects		13,217	13,217
Trust	1	1	
Total	\$1,081,863	\$1,123,990	\$42,127

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$221,030	\$148,906	\$72,124
Special Revenue	1,645,558	1,054,416	591,142
Capital Projects	1,593		1,593
Trust	175		175
Total	\$1,868,356	\$1,203,322	\$665,034

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$81,401 for the year ended December 31, 2009.

4. Property Tax

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

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

**BLOOM TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. Property Tax – (Continued)

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. Capital Lease

The Township entered into a capital lease for the purchase of two fire trucks. Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Capital Leases	<u>\$216,616</u>	3.2%

The following is a schedule of the future minimum payments required under the capital lease as of December 31, 2009:

Year ending December 31:	<u>Capital Lease</u>
2010	\$116,806
2011	111,878
Total	<u>\$228,684</u>

6. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

7. Risk Management

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

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

**BLOOM TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Risk Management – (Continued)

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$16,000.

**BLOOM TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Risk Management – (Continued)

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

<u>Contributions to OTARMA</u>	
2007	\$15,344
2008	\$14,799
2009	\$18,976

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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Mary Taylor, CPA
Auditor of State

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

Bloom Township
Wood County
5582 Bloomdale Road
Bloomdale, Ohio 44817

To the Board of Trustees:

We have audited the financial statements of the Bloom Township, Wood County, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 16, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-003 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 16, 2010.

We intend this report solely for the information and use of management, the audit committee, Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

June 16, 2010

**BLOOM TOWNSHIP
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D)(1) states that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, each of which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of an appropriate fund free from any previous encumbrance, the Board can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Board.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Board may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

None of the transactions tested were certified by the fiscal officer at the time the commitments were incurred, and there was no evidence the Board followed the aforementioned exceptions. Rather, for each instance, the fiscal officer signed the fiscal certificate after the goods or services had been ordered or an invoice already received. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Certification is not only required by Ohio law, but it is a key control in the disbursements process to help assure purchase commitments receive prior approval, and to help reduce the possibility of Township funds being over expended or exceeding budgetary spending limitations as set by the Board. If used, the Board should establish a limit for the blanket certificates by resolution. In addition, to improve controls over disbursements, we recommend all Board disbursements receive prior certification from the fiscal officer. We also recommend the Board periodically review the expenditures made to ensure they are within the appropriations adopted by the Board, certified by the fiscal officer and recorded against appropriations.

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Revised Code § 5705.41(B) prohibits a subdivision or taxing unit from making any expenditure of money unless it has been properly appropriated in accordance with the Ohio Revised Code.

The amount of expenditures for 2009 (\$276,481) exceeded the amount of appropriations (\$195,080) by \$81,401 in the General Fund. The Board's management was advised the failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The fiscal officer should not certify the availability of funds and should deny payment requests that exceed appropriations. The fiscal officer may request the Board approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2009-003

Material Weakness - Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The following adjustments and reclassifications are included in the accompanying 2009 and 2008 financial statements and the Township's accounting records:

- In the General Fund in 2008, there were reclassifications of revenues ranging from \$1,250 to \$10,586 for misposting of personal property tax reimbursements, mowing, zoning permits, fines, and gas and electric reimbursements.
- In the Special Revenue Fund in 2008, there were reclassifications of revenues ranging from \$731 to \$25,976 for misposting of personal property tax reimbursements and manufactured home taxes and reclassifications of expenditures ranging from \$2,080 to \$78,943 for misposting of public safety, public works, health, capital outlay, and debt service expenditures.
- In the General Fund in 2009, there were reclassifications of revenues ranging from \$5 to \$12,177 for misposting of personal property tax reimbursements, mowing, zoning permits, personal property taxes, and gas and electric reimbursements.
- In the Special Revenue Fund in 2009, there were reclassifications of revenues ranging from \$627 to \$43,946 for misposting of personal property tax reimbursements, personal property taxes, manufactured home taxes, and gas and electric reimbursements and reclassifications of expenditures ranging from \$14,512 to \$159,982 for misposting of public safety, public works, human services, capital outlay, and debt service expenditures.

- In the Special Revenue Fund in 2008, there was an adjustment for \$429,414 to lease proceeds and capital outlay to bring on lease activity that did not flow through the Township's ledgers.

We recommend the Township adopt policies and procedures, including a final review of the ledgers and statements by the Fiscal Officer and Board of Trustees, to identify and correct errors and omissions. The Fiscal Officer should also review the Township chart of accounts to ensure all accounts are being properly posted to the financial statements.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

**BLOOM TOWNSHIP
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	ORC § 5705.41 (D), Prior certification of expenditures	No	Reissued in this report as Finding 2009-001



Mary Taylor, CPA
Auditor of State

BLOOM TOWNSHIP

WOOD 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
JULY 1, 2010**