



Dave Yost • Auditor of State



**BLOOM TOWNSHIP  
SENECA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Bloom Township  
Seneca County  
74 South Marion Street  
P.O. Box 57  
Bloomville, Ohio 44818-0057

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Bloom Township, Seneca County, Ohio, (the Township) as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 to the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Bloom Township, Seneca County, Ohio as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Emphasis of Matter***

As discussed in Note 8 to the financial statements, during 2013, the Township restated their beginning fund balances to reclassify a special revenue fund as a private purpose trust fund. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

August 4, 2015

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**BLOOM TOWNSHIP  
SENECA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$22,109	\$96,960	\$119,069
Licenses, Permits and Fees		5,825	5,825
Intergovernmental	27,228	112,471	139,700
Earnings on Investments	142	41	183
Miscellaneous	167	8,162	8,329
<i>Total Cash Receipts</i>	<u>49,646</u>	<u>223,461</u>	<u>273,106</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	51,650		51,650
Public Safety		32,782	32,782
Public Works		155,992	155,992
Health	10,575	7,931	18,506
Capital Outlay		2,604	2,604
Debt Service:			
Principal Retirement		13,233	13,233
Interest & Fiscal Charges		1,566	1,566
<i>Total Cash Disbursements</i>	<u>62,225</u>	<u>214,108</u>	<u>276,333</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,579)</u>	<u>9,352</u>	<u>(3,227)</u>
<b>Other Financing Receipts:</b>			
Sale of Capital Assets		9,500	9,500
<i>Net Change in Fund Cash Balances</i>	(12,579)	18,852	6,273
<i>Fund Cash Balances, January 1</i>	<u>82,985</u>	<u>144,506</u>	<u>227,491</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		163,358	163,358
Assigned	70,406		70,406
<i>Fund Cash Balances, December 31</i>	<u>\$70,406</u>	<u>\$163,358</u>	<u>\$233,764</u>

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

BLOOM TOWNSHIP  
SENECA COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
<b>Operating Cash Receipts</b>	
Earnings on Investments	<u>\$1</u>
<i>Operating Income</i>	1
<i>Fund Cash Balance, January 1</i>	<u>1,513</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$1,514</u></u>

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

**BLOOM TOWNSHIP  
SENECA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$20,941	\$93,981		\$114,923
Licenses, Permits and Fees		7,850		7,850
Intergovernmental	27,255	111,002	\$29,304	167,562
Earnings on Investments	178	56		233
Miscellaneous	160	8,947		9,107
<i>Total Cash Receipts</i>	<u>48,534</u>	<u>221,836</u>	<u>29,304</u>	<u>299,674</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	55,197			55,197
Public Safety		74,207		74,207
Public Works		174,945		174,945
Health	10,955	9,722		20,677
Capital Outlay		70,855	29,304	100,159
Debt Service:				
Principal Retirement		8,333		8,333
Interest and Fiscal Charges		1,062		1,062
<i>Total Cash Disbursements</i>	<u>66,153</u>	<u>339,124</u>	<u>\$29,304</u>	<u>434,581</u>
<i>Excess of Disbursements over Receipts</i>	<u>(17,619)</u>	<u>(117,288)</u>		<u>(134,907)</u>
<b>Other Financing Receipts:</b>				
Sale of Notes		49,000		49,000
<i>Net Change in Fund Cash Balances</i>	<u>(17,619)</u>	<u>(68,288)</u>		<u>(85,907)</u>
<i>Fund Cash Balances, January 1 (restated)</i>	<u>100,604</u>	<u>212,794</u>		<u>313,398</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		144,506		144,506
Assigned	82,985			82,985
<i>Fund Cash Balances, December 31</i>	<u><u>\$82,985</u></u>	<u><u>\$144,506</u></u>		<u><u>\$227,491</u></u>

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

**BLOOM TOWNSHIP  
SENECA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Fiduciary Fund Type
	Private Purpose Trust
<b>Operating Cash Receipts</b>	
Earnings on Investments	\$1
<i>Operating Income</i>	1
<i>Fund Cash Balance, January 1 (restated)</i>	1,512
<i>Fund Cash Balance, December 31</i>	\$1,513

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

**BLOOM TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**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 Bloom Township, Seneca 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 participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

Ohio Township Risk Management Authority (OTARMA) - A risk sharing pool available to Ohio townships that provides property and casualty coverage for its members.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

**BLOOM TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

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

Public Safety Fund - This fund receives property tax money to pay to pay for firefighting and EMS services.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

Issue II Fund – This fund records revenues and expenses for the hot mix road project through Ohio Public Works Commission.

**4. Fiduciary Fund**

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 the Martin-Kilcawley plot in the Woodlawn Cemetery.

**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. 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 approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and re-appropriated in the subsequent year.

**BLOOM TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**E. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**F. Property, Plant, and Equipment**

**BLOOM TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**G. Accumulated Leave**

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

**2. Equity in Pooled 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:

	2014	2013
Demand deposits	\$230,778	\$224,504
Certificates of deposit	4,500	4,500
Total deposits	\$235,278	\$229,004

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,159	\$49,646	\$12,487
Special Revenue	202,105	232,961	30,856
Fiduciary	1	1	
Total	\$239,265	\$282,608	\$43,343

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$120,144	\$62,225	\$57,919
Special Revenue	348,070	214,108	133,962
Total	\$468,214	\$276,333	\$191,881



**BLOOM TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,255	\$48,534	\$9,279
Special Revenue	235,187	270,836	35,649
Capital Projects	29,304	29,304	
Fiduciary	1	1	
Total	<u>\$303,747</u>	<u>\$348,675</u>	<u>\$44,928</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$139,859	\$66,153	\$73,706
Special Revenue	436,991	339,124	97,867
Capital Projects	29,304	29,304	
Total	<u>\$606,154</u>	<u>\$434,581</u>	<u>\$171,573</u>

**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.

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

**5. Debt**

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Dump Truck Notes	\$8,333	4.25%
Fire Equipment Notes	44,100	1.75%
Total	<u>\$52,433</u>	

The Township issued notes to finance the purchase of a new dump truck and plowing equipment to be used for Township road maintenance. The Township's full faith, credit and revenue have been pledged to pay the notes.

The Township issued notes to finance the purchase of a new tanker truck for the Township's fire department. The Township's full faith and credit have been pledged to pay the notes.

**BLOOM TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

Year ending December 31:	Dump Truck Notes	Fire Equipment Notes
2015	\$8,687	\$5,672
2016		5,586
2017		5,500
2018		5,415
2019		5,329
2020-2024		20,458
Total	\$8,687	\$47,960

**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 2014 and 2013, OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

**7. Risk Management**

**Risk Pool Membership**

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.

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement,

OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

**BLOOM TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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.

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, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	8,486,363	8,912,432
Net Position	\$26,467,923	\$27,057,831

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$8,000.

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>	
<u>2013</u>	<u>2014</u>
\$14,931	\$15,641

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

**BLOOM TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**8. Accounting Change**

An accounting change is required to correct the fund classification of the Private Purpose Trust Fund. The fund was previously reported as a Special Revenue fund, when the proper classification is as a Private Purpose Trust. This accounting change had the following effect on the Township's fund balances as previously reported:

	Special Revenue	Private Purpose Trust
Fund balance as previously reported	\$214,306	
Accounting Change:		
Fund reclassification - Private Purpose Trust	(1,512)	\$1,512
Restated fund balance at January 1, 2013	<u>\$212,794</u>	<u>\$1,512</u>



# Dave Yost • Auditor of State

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

Bloom Township  
Seneca County  
74 South Marion Street  
P.O. Box 57  
Bloomville, Ohio 44818-0057

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Bloom Township, Seneca County, Ohio (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated August 4, 2015 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. In addition, the financial statements were restated to properly classify the private purpose trust fund.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 and 2014-003 described in the accompanying schedule of findings to be material weaknesses.

***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, opining 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 2014-001 and 2014-002.

***Entity's Response to Findings***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

August 4, 2015

**BLOOM TOWNSHIP  
SENECA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2014-001**

**Noncompliance Citation/Material Weakness**

**Ohio Rev. Code § 5705.10(E)** provides that proceeds from the sale of public obligations or fractionalized interests in public obligations as defined in Ohio Rev. Code §133.01, *except premium and accrued interest*, are to be paid into a special fund for the purpose of such issue. Any interest earned on money in the special fund may be used for the purposes for which the indebtedness was authorized, or may be credited and used for an authorized fund or account.

In 2013 the Township recorded \$21,000 (out of \$49,000) in proceeds from the sale of fire equipment notes to the General fund. The purpose of this debt was to purchase a tanker truck for the fire department, and as such all proceeds should have been recorded in the Public Safety fund.

This error was a result of inadequate policies and procedures in reviewing the financial statements. The accompanying financial statements have been adjusted to correct this error. We recommend the Township record the receipt of proceeds from the sale of notes in accordance with ORC 5705.10 (E).

**FINDING NUMBER 2014-002**

**Noncompliance Citation**

**The Anne K. Christman Cash Bequest** provided to the Township a specific cash bequest as follows:

The sum of Five Thousand Dollars (\$5,000) to the Trustees of Bloom Township, Seneca County, Ohio, the income therefrom to be used for the perpetual maintenance and care of the Martin-Kilcawley plot in the Woodlawn Cemetery near Bloomville, Ohio.

The current balance of the Private Purpose Trust fund is \$1,514, which is below the original cash bequest of \$5,000. This indicates the Township has spent not only the income, but the principal balance of the trust, which is contrary to the bequest.

This error was a result of inadequate policies and procedures in reviewing the financial statements. We recommend the Township restore the nonexpendable balance of the Private Purpose Trust fund to its original balance of \$5,000, and not make any payments from the fund until it has been restored.

**FINDING NUMBER 2014-003**

**Material Weakness**

**Financial Reporting**

The Township's management is responsible for the fair presentation of the financial statements. Errors were noted in the financial statements resulting in audit adjustments. The most significant adjustments were as follows:

- Subsequent year appropriations over estimated receipts within the General fund of \$70,406 were classified as unassigned rather than assigned in 2014.
- Subsequent year appropriations over estimated receipts within the General fund of \$82,985 were classified as unassigned rather than assigned in 2013.
- The Private Purpose Trust fund beginning balance of \$1,513 and investment income of \$1 were improperly recorded as a special revenue fund in 2014
- The Private Purpose Trust fund beginning balance of \$1,512 and investment income of \$1 were improperly recorded as a special revenue fund in 2013

Additional errors were noted in smaller relative amounts. These errors were a result of inadequate policies and procedures in reviewing the financial statements. The accompanying financial statements and accounting records have been adjusted to correct these errors. To ensure the Township's financial statements and notes to the statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the annual report by the Board of Trustees to identify and correct errors, omissions, and misclassifications.

**Officials' Response:**

We have acknowledged errors were made and will post these transactions correctly in the future.





# Dave Yost • Auditor of State

**BLOOM TOWNSHIP**

**SENECA 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 18, 2015**