



Dave Yost • Auditor of State

**BLOOM TOWNSHIP
SCIOTO COUNTY**

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SCIOTO COUNTY**

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Dave Yost • Auditor of State

Report on the Financial Statements, Internal Control, and Compliance

Bloom Township
Scioto County
PO Box 613
South Webster, Ohio 45682

To the Board of Township Trustees:

We have selectively tested certain accounts, financial records, reports and other documentation of Bloom Township, Scioto County, (the Township), as of and for the years ended December 31, 2017 and 2016. These procedures were designed to satisfy the audit requirements of Section 117.11, Ohio Rev. Code, and Section 117-4-02, Ohio Admin. Code. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

Internal Control Over Financial Reporting

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider Findings 2017-002 and 2017-006 through 2017-011 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

Compliance and Other Matters

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Township, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as items 2017-001 through 2017-005.

Township's Response to Findings

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

October 18, 2018

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

FINDING NUMBER 2017-001

Noncompliance

Ohio Rev. Code § 135.18, 135.181, and 135.182 address security for repaying public deposits. They outline the following guidance:

Each institution designated as a public depository and awarded public deposits, shall provide security for the repayment of all public deposits by securing all uninsured public deposits of each public depositor separately (Ohio Rev. Code § 135.18(A) (1)), or as applicable to Ohio Rev. Code §§ 135.181 or 135.182 by establishing and pledging to the treasurer of state a single pool of collateral for the benefit of every public depositor (Ohio Rev. Code § 135.18(A) (2)). If a public depository elects to provide security pursuant to Ohio Rev. Code § 135.18(A) (1), the public depository must pledge eligible securities and equal to at least one hundred five per cent. [Ohio Rev. Code § 135.18(B)]

The current standard maximum FDIC deposit insurance amount is \$250,000.

In lieu of the specific pledging requirements of Ohio Rev. Code §§ 135.18 and 135.37, a public depository at its option may pledge a single pool of eligible securities to secure the repayment of all its public deposits not otherwise secured, provided that at all times the total market value of the securities so pledged is at least equal to one hundred five per cent of its uninsured public deposits to be secured by the pooled securities.

The securities described in division (B) of Ohio Rev. Code § 135.18 (described above), shall be eligible as collateral, provided no such securities pledged as collateral are at any time in default as to either principal or interest.

A public depository shall designate a qualified trustee (i.e., the Federal Reserve) and deposit the eligible pledged securities with that trustee for safekeeping. The depository must give written notice of the qualified trustee to any treasurer depositing public monies for which such securities are pledged. The treasurer shall accept the written receipt of the trustee describing the pool of securities so deposited by the depository. [Ohio Rev. Code § 135.181(E)]

Upon request of a treasurer up to 4 times per year, a *public depository* must report: the amount of public monies deposited by the treasurer and secured and the total value based on the valuations described above, of the pool of securities pledged to secure public monies held by the depository, including those deposited by the treasurer [Ohio Rev. Code § 135.181(L)].

Upon request of a treasurer up to 4 times per year, a *qualified trustee* must report the total value of the securities pool deposited with it by the depository and provide an itemized list of pooled securities. The trustee must make these reports as of the date the treasurer specifies.

Public depositories maintained adequate and allowable collateral for the Township during 2016 and through July 2017. The Township transferred all funds into a Wesbanco account in August 2017 and Westbanco provided no documentation that adequate and allowable collateral was maintained by the bank. The uninsured and uncollateralized amount of the Township's bank balance at December 31, 2017 was \$150,757 of the Township's total bank balance of \$400,757. It is the responsibility of the Township Fiscal Officer to request documentation from the bank to ensure that proper collateral is being maintained. Without obtaining support from the bank, the Township cannot be certain that their funds are being properly collateralized.

**FINDING NUMBER 2017-001
(Continued)**

We recommend the Township Fiscal Officer obtain support from the bank that indicates they are providing adequate and allowable collateral for their funds.

Officials' Response:

We will strive to correct this in the future.

FINDING NUMBER 2017-002

Noncompliance / Internal Control Deficiency

Ohio Rev. Code § 505.24(D) states that if trustees use the salary method and are compensated from funds other than the general fund, they must certify the percentage of the time spent working on matters that are to be paid from funds other than the general fund.

We noted that the Township Trustees provided proper certifications during 2016 and 2017; however, they were not always paid according to the certifications. Throughout 2016, the General Fund was charged \$1,353 that should have been charged to the Gasoline Tax Fund and in 2017, the Gasoline Fund was charged \$560 that should have been charged to the General Fund.

In accordance with the foregoing facts, we hereby issue a finding for adjustment from the Gasoline Tax fund to the General fund in the amount of \$793.

It is the responsibility of the Township Fiscal Officer to ensure that payroll is processed in accordance with the payroll certifications she is provided and in this case, the Township Fiscal Officer sometimes did not pay in accordance with them. This could result in adjustments to the financial statement expenditures for each fund.

We recommend the Township Fiscal Officer pay the Township Trustees salaries according to what is approved by the Township Trustees on said payroll certification sheets.

Officials' Response:

We will strive to correct this in the future.

FINDING NUMBER 2017-003

Noncompliance

Ohio Rev. Code § 5705.40 states any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation. However, no appropriation may be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations against them. Transfers may be made by resolution or ordinance from one appropriation item to another. Subject to certain limitations, the annual appropriation measure may contain an appropriation for contingencies.

FINDING NUMBER 2017-003
(Continued)

Rulings filed in the case of *C. B. Transportation, Inc. v. Butler County Board of Mental Retardation*, 60 Ohio Misc. 71, 397 N.E.2d 781 (C.P. 1979), as well as in *Burkholder v. Lauber*, 6 Ohio Misc. 152, 216 N.E.2d 909 (C.P. 1965), held that a board or officer whose judgment and discretion is required, was chosen because they were deemed fit and competent to exercise that judgment and discretion and unless power to substitute another in their place has been given, such board or officer cannot delegate these duties to another. Following such reasoning, a local government's governing board would be prohibited from delegating duties statutorily assigned to it, such as the ability to amend appropriations as provided for in Ohio Rev. Code §5705.40

While the Board of Township Trustees approved budgetary reallocations of appropriations within the same fund between different object codes throughout the year in 2016, additional reallocations of appropriations were posted to the accounting system in 2017 without the approval of the Board of Township Trustees. This resulted in the accounting system showing incorrect appropriation amounts for monitoring purposes. In addition, this makes the Township non-compliant with the guidance above because the amendments posted to the system were not approved by the Board of Township Trustees. Also, see Finding Number 2017-010 as a related control deficiency that was noted in relation to this noncompliance.

We recommend no appropriation amendments be posted to the accounting system unless approved by the Board of Township Trustees.

Officials' Response:

We will strive to correct this in the future.

FINDING NUMBER 2017-004

Noncompliance

Ohio Rev. Code § 5705.41(D) (1) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

As of December 31, 2016, the Township had two instances where the Township Fiscal Officer had not certified funds prior to incurring the obligation: \$882 in the General Fund and \$286 in the Road & Bridge Fund. This could result in expenditures of funds that are not available.

We recommend that the Township Fiscal Officer properly certify funds prior to obligation.

Officials' Response:

We will strive to correct this in the future.

FINDING NUMBER 2017-005

Noncompliance

26 C.F.R. § 1.6041-1 states, in part that governments which pay any independent contractors (other than corporation) \$600 or more during a year, must issue a 1099 form to these contractors.

**FINDING NUMBER 2017-005
(Continued)**

The Township paid an independent contractor during the audit period; however, the Township did not issue a 1099 form. The Township did not issue a 1099 form to a contractor in the amount of \$1,400 for year 2016 and \$1,280 for year 2017. This could result in noncompliance with Federal tax codes and lead to possible penalties.

We recommend the Township Fiscal Officer run the 1099 Report from the accounting system at year end to determine if a 1099 form should be provided for independent contractors.

Officials' Response:

We will strive to correct this in the future.

FINDING NUMBER 2017-006

Internal Control Deficiency

In our engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

We identified the following misstatements in the Township's financial statements for the years ended December 31, 2017 and 2016:

December 31, 2017 financial statements:

- Permissive Motor Vehicle License receipts in the amount of \$14,196 were recorded as Tax receipts instead of as Intergovernmental receipts.
- Homestead and Rollback receipts in the amount of \$1,020 were posted to the General Fund, instead of the Road and Bridge Fund.
- General Fund Assigned fund balance was overstated by \$4,094 and correspondingly, Unassigned fund balance was understated by this amount.
- Cemetery Fund receipts in the amount of \$600 were recorded as Donation receipts instead of as Charges for Service receipts.
- General Fund Final Budgeted General Government disbursements were overstated by \$6,260.
- General Fund Final Budgeted Public Works disbursements were understated by \$6,350.

December 31, 2016 financial statements:

- Unrecorded encumbrances in the amount of \$286 were omitted from budgetary basis disbursements for the Road and Bridge Fund Budget versus Actual statement.
- Cemetery Fund receipts in the amount of \$300 were recorded as Donation receipts instead of as Charges for Service receipts.
- Road and Bridge Fund Original and Final Budgeted Tax receipts were understated by \$282 and Intergovernmental receipts were overstated by the same amount.

**FINDING NUMBER 2017-006
(Continued)**

The Township corrected the financial statements and accounting records were appropriate.

To ensure the Township's accounting records, financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and footnotes by the Township Fiscal Officer and Board of Township Trustees to identify and correct errors and omissions.

We also recommend the Township Fiscal Officer exercise due care in posting transactions in order to ensure the year-end financial statements reflect the appropriate activity for the Township's receipts and disbursements.

Officials' Response:

We will strive to correct this in the future.

FINDING NUMBER 2017-007

Internal Control Deficiency

The Township should have established rates for the cemetery plot and cornerstone sales.

The Township did not have approved rates for the Cemetery plot and cornerstone sales. The Board of Township Trustees failed to properly approve stated rates during their regular monthly meetings. This could result in different rates being charged to different individuals and that could lead to questioning of the charges.

We recommend the Board of Township Trustees establish and approve rates for the cemetery plot and cornerstone sales.

Officials' Response:

We will strive to correct this in the future.

FINDING NUMBER 2017-008

Internal Control Deficiency

Internal controls are vital to help protect governments against erroneous charges, theft, and fraud. In accordance with Auditor of State Bulletin 2004-010, governments should request that their banks send images of the front and back of all issued checks. This will enable governments to review and scrutinize the transactions and ensure that the payees as well as the various endorsements are appropriate.

The Township only received the front images of issued checks during the audit period. The Township Fiscal Officer has requested to receive the images of the backs from the bank; however, the bank will not comply with the request.

The Township could potentially be at risk for being victim of erroneous charges, theft, and fraud. Receipt and review of the rear images of issued checks during the reconciliation process could assist the Township in identifying and timely investigating questionable items.

We recommend the Township request that its bank send images of the back side of their canceled checks.

**FINDING NUMBER 2017-008
(Continued)**

Officials' Response:

We will strive to correct this in the future.

FINDING NUMBER 2017-009

Internal Control Deficiency

The Township should develop, test, and maintain their own contingency procedures to be performed in the event of an extended loss of computer resources for the accounting system. Such procedures should be established based upon the maximum outage tolerances for critical applications. In addition to this, the Township should also maintain proper back up files for the accounting system off site to provide additional security.

The Township did not have any type of contingency plans developed in the event of an extended loss of computer resources. This is the responsibility of the Board of Township Trustees to implement and they failed to do so during the audit period. This could result in loss of data should a disaster occur.

We recommend the Board of Township Trustees develop and test contingency procedures as noted above.

Officials' Response:

We will strive to correct this in the future.

FINDING NUMBER 2017-010

Internal Control Deficiency

Ohio Admin. Code § 117-2-02(C) (1) requires that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. Therefore, official estimated receipts and appropriation amounts should be accurately recorded in the accounting system to allow for monitoring of budget versus actual revenue and expenditure activity.

The Township's official appropriations and estimated receipts in certain funds posted to the accounting system in 2017 and 2016 did not agree to the Board approved amounts or the amounts submitted to the County Auditor. This was mainly caused by the Township posting to the accounting system budgetary adjustments that were not approved by the Board of Trustees. This could result in inaccurate budget versus actual reports and reduces the effectiveness of budgetary monitoring. Also, see Finding Number 2017-003 as noncompliance that was noted in relation to this issue.

We recommend the Township Fiscal Officer post to the accounting system those appropriation amounts approved by the Board of Township Trustees. We further recommend that the Fiscal Officer update the budgeted revenue amounts in the accounting system each time an amended certificate of estimated resources is completed.

Officials' Response:

We will strive to correct this in the future.

FINDING NUMBER 2017-011

Internal Control Deficiency

Donations accepted by the Township for the cemetery should include support for the source of funding to document that the donation was to be used for cemetery purposes.

The Fiscal Officer did not maintain support for certain donations for the cemetery accepted by the Township and therefore the Township lacked documentation to accurately classify receipts.

We recommend that the Township Fiscal Officer maintain proper support for all donations.

Officials' Response:

We will strive to correct this in the future.

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Bloom Township
Statement of Net Position - Cash Basis
December 31, 2017

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| <u>Assets:</u> | |
| Equity in Pooled Cash and Cash Equivalents | <u><u>\$400,757</u></u> |
| | |
| <u>Net Position:</u> | |
| Restricted for: | |
| Public Health | 47,675 |
| Public Works | 94,937 |
| Unrestricted | <u>258,145</u> |
| | |
| <i>Total Net Position</i> | <u><u>\$400,757</u></u> |

See Accompanying Notes to the Basic Financial Statements

Bloom Township
Statement of Activities - Cash Basis
For the Year Ended December 31, 2017

| | Program Cash Receipts | | | Net Receipts (Disbursements) and Changes in Net Position |
|--|-----------------------|-------------------------|--|--|
| | Cash Disbursements | Charges for Services | Operating Grants, Contributions, and Interest | |
| <u>Governmental Activities:</u> | | | | |
| General Government | \$64,471 | \$0 | \$0 | (\$64,471) |
| Public Works | 134,209 | 0 | 122,049 | (12,160) |
| Health | 3,012 | 12,525 | 25 | 9,538 |
| <i>Total Governmental Activities</i> | <u>\$201,692</u> | <u>\$12,525</u> | <u>\$122,074</u> | <u>(67,093)</u> |
| <u>General Receipts:</u> | | | | |
| Property Taxes | | | | 84,189 |
| Grants and Entitlements not Restricted to Specific Programs | | | | 57,307 |
| Interest | | | | 1,328 |
| Other | | | | 4,861 |
| <i>Total General Receipts</i> | | | | <u>147,685</u> |
| <i>Change in Net Position</i> | | | | 80,592 |
| <i>Net Position at Beginning of Year</i> | | | | <u>320,165</u> |
| <i>Net Position at End of Year</i> | | | | <u><u>\$400,757</u></u> |

See Accompanying Notes to the Basic Financial Statements

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Bloom Township
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2017

| | General Fund | Motor Vehicle License Tax Fund | Gasoline Tax Fund |
|--|------------------|--------------------------------------|----------------------|
| <u>Assets:</u> | | | |
| Equity in Pooled Cash and Cash Equivalents | \$231,184 | \$16,803 | \$49,554 |
| <u>Fund Balances:</u> | | | |
| Restricted | \$0 | \$16,803 | \$49,554 |
| Committed | 0 | 0 | 0 |
| Assigned | 18,200 | 0 | 0 |
| Unassigned | 212,984 | 0 | 0 |
| <i>Total Fund Balances</i> | \$231,184 | \$16,803 | \$49,554 |

See Accompanying Notes to the Basic Financial Statements

| Road and Bridge Fund | Cemetery Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------|------------------|-----------------------------------|--------------------------------|
| <u>\$26,961</u> | <u>\$46,439</u> | <u>\$29,816</u> | <u>\$400,757</u> |
| \$0 | 46,439 | \$29,816 | \$142,612 |
| 26,961 | 0 | 0 | 26,961 |
| 0 | 0 | 0 | 18,200 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>212,984</u> |
| <u>\$26,961</u> | <u>\$46,439</u> | <u>\$29,816</u> | <u>\$400,757</u> |

Bloom Township

Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis

Governmental Funds

For the Year Ended December 31, 2017

| | General Fund | Motor Vehicle License Tax Fund | Gasoline Tax Fund |
|---|-------------------------|--------------------------------------|------------------------|
| <u>Receipts:</u> | | | |
| Property Taxes | \$79,963 | \$0 | \$0 |
| Charges for Services | 0 | 0 | 0 |
| Intergovernmental | 57,395 | 12,387 | 93,550 |
| Gifts and Donations | 0 | 0 | 0 |
| Interest | 1,014 | 56 | 170 |
| Other | 1,487 | 0 | 3,374 |
| <i>Total Receipts</i> | <u>139,859</u> | <u>12,443</u> | <u>97,094</u> |
| <u>Disbursements:</u> | | | |
| Current: | | | |
| General Government | 64,471 | 0 | 0 |
| Public Works | 14,595 | 10,275 | 91,898 |
| Health | 0 | 0 | 0 |
| <i>Total Disbursements</i> | <u>79,066</u> | <u>10,275</u> | <u>91,898</u> |
| <i>Net Change in Fund Balances</i> | 60,793 | 2,168 | 5,196 |
| <i>Fund Balances at Beginning of Year</i> | <u>170,391</u> | <u>14,635</u> | <u>44,358</u> |
| <i>Fund Balances at End of Year</i> | <u><u>\$231,184</u></u> | <u><u>\$16,803</u></u> | <u><u>\$49,554</u></u> |

See Accompanying Notes to the Basic Financial Statements

| Road and Bridge Fund | Cemetery Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------|------------------|-----------------------------------|--------------------------------|
| \$4,226 | \$0 | \$0 | \$84,189 |
| 0 | 12,525 | 0 | 12,525 |
| 1,828 | 0 | 14,196 | 179,356 |
| 0 | 25 | 0 | 25 |
| 0 | 0 | 88 | 1,328 |
| 0 | 0 | 0 | 4,861 |
| <u>6,054</u> | <u>12,550</u> | <u>14,284</u> | <u>282,284</u> |
| 0 | 0 | 0 | 64,471 |
| 4,457 | 0 | 12,984 | 134,209 |
| 0 | 3,012 | 0 | 3,012 |
| <u>4,457</u> | <u>3,012</u> | <u>12,984</u> | <u>201,692</u> |
| 1,597 | 9,538 | 1,300 | 80,592 |
| <u>25,364</u> | <u>36,901</u> | <u>28,516</u> | <u>320,165</u> |
| <u>\$26,961</u> | <u>\$46,439</u> | <u>\$29,816</u> | <u>\$400,757</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, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <i>Variance Positive (Negative)</i> |
|--|-------------------------|-------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Receipts:</u> | | | | |
| Property Taxes | \$73,000 | \$70,000 | \$79,963 | \$9,963 |
| Intergovernmental | 3,243 | 46,600 | 57,395 | 10,795 |
| Interest | 100 | 100 | 1,014 | 914 |
| Other | 0 | 0 | 1,487 | 1,487 |
| <i>Total Receipts</i> | <u>76,343</u> | <u>116,700</u> | <u>139,859</u> | <u>23,159</u> |
| <u>Disbursements:</u> | | | | |
| Current: | | | | |
| General Government | 81,990 | 62,640 | 65,107 | (2,467) |
| Public Works | 13,300 | 19,650 | 14,595 | 5,055 |
| <i>Total Disbursements</i> | <u>95,290</u> | <u>82,290</u> | <u>79,702</u> | <u>2,588</u> |
| <i>Net Change in Fund Balance</i> | (18,947) | 34,410 | 60,157 | 25,747 |
| <i>Fund Balance at Beginning of Year</i> | <u>170,391</u> | <u>170,391</u> | <u>170,391</u> | <u>0</u> |
| <i>Fund Balance at End of Year</i> | <u><u>\$151,444</u></u> | <u><u>\$204,801</u></u> | <u><u>\$230,548</u></u> | <u><u>\$25,747</u></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, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <i>Variance Positive (Negative)</i> |
|--|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <i><u>Receipts:</u></i> | | | | |
| Intergovernmental | \$11,500 | \$11,500 | \$12,387 | \$887 |
| Interest | 0 | 0 | 56 | 56 |
| <i>Total Receipts</i> | 11,500 | 11,500 | 12,443 | 943 |
| <i><u>Disbursements:</u></i> | | | | |
| Current: | | | | |
| Public Works | 13,100 | 13,100 | 10,275 | 2,825 |
| <i>Net Change in Fund Balance</i> | (1,600) | (1,600) | 2,168 | 3,768 |
| <i>Fund Balance at Beginning of Year</i> | 14,635 | 14,635 | 14,635 | 0 |
| <i>Fund Balance at End of Year</i> | <u>\$13,035</u> | <u>\$13,035</u> | <u>\$16,803</u> | <u>\$3,768</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, 2017

| | Budgeted Amounts | | Actual | <i>Variance Positive (Negative)</i> |
|--|------------------|-----------------|-----------------|---|
| | Original | Final | | |
| <u>Receipts:</u> | | | | |
| Intergovernmental | \$80,000 | \$80,000 | \$93,550 | \$13,550 |
| Interest | 100 | 100 | 170 | 70 |
| Other | 0 | 0 | 3,374 | 3,374 |
| <i>Total Receipts</i> | 80,100 | 80,100 | 97,094 | 16,994 |
| <u>Disbursements:</u> | | | | |
| Current: | | | | |
| Public Works | 100,875 | 100,875 | 92,073 | 8,802 |
| <i>Net Change in Fund Balance</i> | (20,775) | (20,775) | 5,021 | 25,796 |
| <i>Fund Balance at Beginning of Year</i> | 44,358 | 44,358 | 44,358 | 0 |
| <i>Fund Balance at End of Year</i> | <u>\$23,583</u> | <u>\$23,583</u> | <u>\$49,379</u> | <u>\$25,796</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)
Road and Bridge Fund
For the Year Ended December 31, 2017

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|--|------------------|-----------------|-----------------|------------------------------------|
| | Original | Final | | |
| <u>Receipts:</u> | | | | |
| Property Taxes | \$4,000 | \$4,000 | \$4,226 | \$226 |
| Intergovernmental | 100 | 100 | 1,828 | 1,728 |
| <i>Total Receipts</i> | 4,100 | 4,100 | 6,054 | 1,954 |
| <u>Disbursements:</u> | | | | |
| Current: | | | | |
| Public Works | 5,620 | 5,620 | 4,457 | 1,163 |
| <i>Net Change in Fund Balance</i> | (1,520) | (1,520) | 1,597 | 3,117 |
| <i>Fund Balance at Beginning of Year</i> | 25,364 | 25,364 | 25,364 | 0 |
| <i>Fund Balance at End of Year</i> | <u>\$23,844</u> | <u>\$23,844</u> | <u>\$26,961</u> | <u>\$3,117</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, 2017

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|--|------------------|----------|----------|------------------------------------|
| | Original | Final | | |
| <u>Receipts:</u> | | | | |
| Charges for Services | \$3,375 | \$3,375 | \$12,525 | \$9,150 |
| Gifts and Donations | 100 | 100 | 25 | (75) |
| <i>Total Receipts</i> | 3,475 | 3,475 | 12,550 | 9,075 |
| <u>Disbursements:</u> | | | | |
| Current: | | | | |
| Health | 5,100 | 5,100 | 3,012 | 2,088 |
| <i>Net Change in Fund Balance</i> | (1,625) | (1,625) | 9,538 | 11,163 |
| <i>Fund Balance at Beginning of Year</i> | 36,901 | 36,901 | 36,901 | 0 |
| <i>Fund Balance at End of Year</i> | \$35,276 | \$35,276 | \$46,439 | \$11,163 |

See Accompanying Notes to the Basic Financial Statements

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

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

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

Primary Government

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

Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization’s governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization’s resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township. 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.

Public Entity Risk Pool

The Township participates in one public entity risk pool, the Ohio Township Association Risk Management Authority. Notes 6 and 10 to the financial statements provide additional information for these entities.

Note 2 – Summary of Significant Accounting Policies

These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Basis of Presentation

The Township’s basic financial statements consist of government-wide financial statements, including a Statement of Net Position 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, 2017

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions of the Township are financed. 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 and report 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.

Motor Vehicle License Tax Fund – This fund accounts for and reports intergovernmental motor vehicle revenues restricted for road repairs and upkeep.

Gasoline Tax Fund – This fund is required by the Ohio Revised Code to account for and report State gasoline tax monies restricted for maintenance and repair of roads within the Township.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

Cemetery Fund – This fund accounts for and reports revenues received from the sale of lots, charges for burial services and foundations restricted to operation and maintenance of the Township cemetery.

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

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

Cash and Investments

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

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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 2017 was \$1,014, of which \$426 was assigned from other Township funds.

Inventory and Prepaid Items

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

Capital Assets

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

Employer Contributions to Cost-Sharing Pension Plans

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

Long-Term Obligations

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

Net Position

Net positions 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. Net position restricted for other purposes includes resources restricted for public works and health.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

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

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Restricted

The restricted fund balance is reported 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.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Township Trustees. Those committed amounts cannot be used for any other purpose unless Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Township Trustees or a Township official delegated that authority by Township resolution, or by State Statute. State Statute authorizes the Township Clerk to assign fund balance for purchase on order provided such amounts have been lawfully appropriated. The Township assigned fund balance to cover a gap between estimated revenue and appropriations in the 2018 appropriated budget.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

Note 3 – Budgetary Basis of Accounting

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

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The only difference between the budgetary basis fund balance and the cash basis fund balance is current encumbrances of \$636, and \$175 in the General Fund and the Gasoline Tax Special Revenue Fund.

Note 4 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAROhio).
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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 year end, \$150,757 of the Township's bank balance of \$400,757 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Township to a successful claim by the Federal Deposit Insurance Corporation.

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 the Township and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

The Township's financial institution joined OPCS on February 13, 2018; however, at December 31, 2017, the financial institution still maintained its own 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 105 percent of the deposits being secured.

Note 5 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes were levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2017, was \$1.91 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2017 property tax receipts were based are as follows:

| | |
|-------------------------------|----------------------------|
| Real Property: | |
| Agricultural/Residential | \$24,791,660 |
| Commercial/Industrial/Mineral | 293,960 |
| Public Utility Personal | <u>14,015,920</u> |
| Total Assessed Value | <u><u>\$39,101,540</u></u> |

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – 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.

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, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 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.

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,

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

2017.

| | 2017 |
|--------------|--------------|
| Assets | \$40,010,732 |
| Liabilities | 8,675,465 |
| Net Position | \$31,335,267 |

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$1,676.

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>2017 Contributions to OTARMA</u> |
|--|
| \$3,808 |

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.

Note 7 – Defined Benefit Pension Plan

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - Township employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

| Group A | Group B | Group C |
|---|---|---|
| Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Members not in other Groups and members hired on or after January 7, 2013 |
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

| | State and Local |
|--|--------------------|
| 2017 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee | 10.0 % |
| 2017 Actual Contribution Rates | |
| Employer: | |
| Pension | 13.0 % |
| Post-employment Health Care Benefits | 1.0 |
| Total Employer | 14.0 % |
| Employee | 10.0 % |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township’s contractually required contribution was \$8,720 for year 2017.

Note 8 – Post-employment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance. (The latest information available.)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS’ CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, State and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the Township's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$623, \$1,300, and \$1,167, respectively. The full amount has been contributed for all three years.

Note 9 – Contingent Liabilities

Litigation

The Township is not party to any legal proceedings.

Federal and State Grants

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

Note 10 - Shared Risk Pool

Ohio Township Association Risk Management Authority

The Township is a member of the Ohio Township Association Risk Management Authority, a risk-sharing pool. For more information on OTARMA, see Note 6.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 11 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

| Fund Balances | General | Motor Vehicle License Tax Fund | Gasoline Tax Fund | Road and Bridge Fund | Cemetery Fund | Nonmajor Governmental Funds | Total |
|----------------------------|-------------------------|---|------------------------|-------------------------|------------------------|-----------------------------------|-------------------------|
| <u>Restricted for:</u> | | | | | | | |
| Public Works | \$0 | \$16,803 | \$49,554 | \$0 | \$0 | \$28,580 | \$94,937 |
| Health | 0 | 0 | 0 | 0 | 46,439 | 1,236 | 47,675 |
| <i>Total Restricted</i> | <u>0</u> | <u>16,803</u> | <u>49,554</u> | <u>0</u> | <u>46,439</u> | <u>29,816</u> | <u>142,612</u> |
| <u>Committed to:</u> | | | | | | | |
| Public Works | 0 | 0 | 0 | 26,961 | 0 | 0 | 26,961 |
| <u>Assigned to:</u> | | | | | | | |
| Future Appropriations | 17,564 | 0 | 0 | 0 | 0 | 0 | 17,564 |
| Purchases On Order | 636 | 0 | 0 | 0 | 0 | 0 | 636 |
| <i>Total Assigned</i> | <u>18,200</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>18,200</u> |
| <u>Unassigned:</u> | <u>212,984</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>212,984</u> |
| Total Fund Balances | <u>\$231,184</u> | <u>\$16,803</u> | <u>\$49,554</u> | <u>\$26,961</u> | <u>\$46,439</u> | <u>\$29,816</u> | <u>\$400,757</u> |

Note 12 – Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances, expected to be honored upon performance by the vendor in the next fiscal year were \$636 and \$175 in the General Fund and the Gasoline Tax Special Revenue fund, respectively.

Note 13 – Fiscal Emergency

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

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

On December 8, 2017, the Township's fiscal emergency status was terminated by the Auditor of State of Ohio.

Bloom Township
Statement of Net Position - Cash Basis
December 31, 2016

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| <u>Assets:</u> | |
| Equity in Pooled Cash and Cash Equivalents | <u><u>\$320,165</u></u> |
| | |
| <u>Net Position:</u> | |
| Restricted for: | |
| Public Health | 38,136 |
| Public Works | 86,274 |
| Unrestricted | <u>195,755</u> |
| | |
| <i>Total Net Position</i> | <u><u>\$320,165</u></u> |

See Accompanying Notes to the Basic Financial Statements

Bloom Township
Statement of Activities - Cash Basis
For the Year Ended December 31, 2016

| | <u>Program Cash Receipts</u> | | | Net Receipts (Disbursements) and Changes in Net Position |
|--|------------------------------|-------------------------|--|--|
| | Cash Disbursements | Charges for Services | Operating Grants, Contributions, and Interest | |
| <u>Governmental Activities:</u> | | | | |
| General Government | \$56,177 | \$0 | \$0 | (\$56,177) |
| Public Works | 132,992 | 0 | 108,805 | (24,187) |
| Health | 3,626 | 11,250 | 100 | 7,724 |
| <i>Total Governmental Activities</i> | <u>\$192,795</u> | <u>\$11,250</u> | <u>\$108,905</u> | <u>(72,640)</u> |
| <u>General Receipts:</u> | | | | |
| Property Taxes | | | | 70,801 |
| Grants and Entitlements not Restricted to Specific Programs | | | | 14,291 |
| Interest | | | | 409 |
| Other | | | | 1,929 |
| <i>Total General Receipts</i> | | | | <u>87,430</u> |
| <i>Change in Net Position</i> | | | | 14,790 |
| <i>Net Position at Beginning of Year</i> | | | | <u>305,375</u> |
| <i>Net Position at End of Year</i> | | | | <u><u>\$320,165</u></u> |

See Accompanying Notes to the Basic Financial Statements

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Bloom Township
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2016

| | General Fund | Motor Vehicle License Tax Fund | Gasoline Tax Fund |
|--|------------------|--------------------------------------|----------------------|
| <u>Assets:</u> | | | |
| Equity in Pooled Cash and Cash Equivalents | \$170,391 | \$14,635 | \$44,358 |
| <u>Fund Balances:</u> | | | |
| Restricted | \$0 | \$14,635 | \$44,358 |
| Committed | 0 | 0 | 0 |
| Assigned | 18,947 | 0 | 0 |
| Unassigned | 151,444 | 0 | 0 |
| <i>Total Fund Balances</i> | \$170,391 | \$14,635 | \$44,358 |

See Accompanying Notes to the Basic Financial Statements

| Road and Bridge Fund | Cemetery | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------|-----------------|-----------------------------------|--------------------------------|
| <u>\$25,364</u> | <u>\$36,901</u> | <u>\$28,516</u> | <u>\$320,165</u> |
| \$0 | 36,901 | \$28,516 | \$124,410 |
| 25,364 | 0 | 0 | 25,364 |
| 0 | 0 | 0 | 18,947 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>151,444</u> |
| <u>\$25,364</u> | <u>\$36,901</u> | <u>\$28,516</u> | <u>\$320,165</u> |

Bloom Township
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2016

| | General Fund | Motor Vehicle License Tax Fund | Gasoline Tax Fund |
|---|-------------------------|--------------------------------------|------------------------|
| <u>Receipts:</u> | | | |
| Property Taxes | \$67,094 | \$0 | \$0 |
| Intergovernmental | 14,291 | 12,523 | 81,988 |
| Charges for Services | 0 | 0 | 0 |
| Gifts and Donations | 0 | 0 | 0 |
| Interest | 303 | 16 | 62 |
| Other | 1,504 | 0 | 425 |
| <i>Total Receipts</i> | <u>83,192</u> | <u>12,539</u> | <u>82,475</u> |
| <u>Disbursements:</u> | | | |
| Current: | | | |
| General Government | 56,177 | 0 | 0 |
| Public Works | 12,524 | 9,392 | 94,612 |
| Health | 0 | 0 | 0 |
| <i>Total Disbursements</i> | <u>68,701</u> | <u>9,392</u> | <u>94,612</u> |
| <i>Net Change in Fund Balances</i> | 14,491 | 3,147 | (12,137) |
| <i>Fund Balances at Beginning of Year</i> | <u>155,900</u> | <u>11,488</u> | <u>56,495</u> |
| <i>Fund Balances at End of Year</i> | <u><u>\$170,391</u></u> | <u><u>\$14,635</u></u> | <u><u>\$44,358</u></u> |

See Accompanying Notes to the Basic Financial Statements

| Road and Bridge Fund | Cemetery Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------|------------------|-----------------------------------|--------------------------------|
| \$3,707 | \$0 | \$0 | \$70,801 |
| 20 | 0 | 14,274 | 123,096 |
| 0 | 11,250 | 0 | 11,250 |
| 0 | 100 | 0 | 100 |
| 0 | 0 | 28 | 409 |
| 0 | 0 | 0 | 1,929 |
| <u>3,727</u> | <u>11,350</u> | <u>14,302</u> | <u>207,585</u> |
| 0 | 0 | 0 | 56,177 |
| 5,205 | 0 | 11,259 | 132,992 |
| 0 | 3,626 | 0 | 3,626 |
| <u>5,205</u> | <u>3,626</u> | <u>11,259</u> | <u>192,795</u> |
| (1,478) | 7,724 | 3,043 | 14,790 |
| <u>26,842</u> | <u>29,177</u> | <u>25,473</u> | <u>305,375</u> |
| <u>\$25,364</u> | <u>\$36,901</u> | <u>\$28,516</u> | <u>\$320,165</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, 2016

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <i>Variance Positive (Negative)</i> |
|--|-------------------------|-------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Receipts:</u> | | | | |
| Property Taxes | \$70,000 | \$70,000 | \$67,094 | (\$2,906) |
| Intergovernmental | 3,142 | 3,142 | 14,291 | 11,149 |
| Interest | 100 | 100 | 303 | 203 |
| Other | 0 | 0 | 1,504 | 1,504 |
| <i>Total Receipts</i> | <u>73,242</u> | <u>73,242</u> | <u>83,192</u> | <u>9,950</u> |
| <u>Disbursements:</u> | | | | |
| Current: | | | | |
| General Government | 79,932 | 71,632 | 56,177 | 15,455 |
| Public Works | 5,000 | 13,300 | 12,524 | 776 |
| <i>Total Disbursements</i> | <u>84,932</u> | <u>84,932</u> | <u>68,701</u> | <u>16,231</u> |
| <i>Net Change in Fund Balance</i> | (11,690) | (11,690) | 14,491 | 26,181 |
| <i>Fund Balance at Beginning of Year</i> | <u>155,900</u> | <u>155,900</u> | <u>155,900</u> | <u>0</u> |
| <i>Fund Balance at End of Year</i> | <u><u>\$144,210</u></u> | <u><u>\$144,210</u></u> | <u><u>\$170,391</u></u> | <u><u>\$26,181</u></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, 2016

| | Budgeted Amounts | | Actual | <i>Variance Positive (Negative)</i> |
|--|------------------|-----------------|-----------------|---|
| | Original | Final | | |
| <u>Receipts:</u> | | | | |
| Intergovernmental | \$11,500 | \$11,500 | \$12,523 | \$1,023 |
| Interest | 0 | 0 | 16 | 16 |
| <i>Total Receipts</i> | 11,500 | 11,500 | 12,539 | 1,039 |
| <u>Disbursements:</u> | | | | |
| Current: | | | | |
| Public Works | 10,359 | 10,359 | 9,392 | 967 |
| <i>Net Change in Fund Balance</i> | 1,141 | 1,141 | 3,147 | 2,006 |
| <i>Fund Balance at Beginning of Year</i> | 11,488 | 11,488 | 11,488 | 0 |
| <i>Fund Balance at End of Year</i> | <u>\$12,629</u> | <u>\$12,629</u> | <u>\$14,635</u> | <u>\$2,006</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, 2016

| | Budgeted Amounts | | Actual | <i>Variance Positive (Negative)</i> |
|--|------------------|-----------------|-----------------|---|
| | Original | Final | | |
| <u>Receipts:</u> | | | | |
| Intergovernmental | \$80,000 | \$80,000 | \$81,988 | \$1,988 |
| Interest | 100 | 100 | 62 | (38) |
| Other | 0 | 0 | 425 | 425 |
| <i>Total Receipts</i> | 80,100 | 80,100 | 82,475 | 2,375 |
| <u>Disbursements:</u> | | | | |
| Current: | | | | |
| Public Works | 97,243 | 97,243 | 94,612 | 2,631 |
| <i>Net Change in Fund Balance</i> | (17,143) | (17,143) | (12,137) | 5,006 |
| <i>Fund Balance at Beginning of Year</i> | 56,495 | 56,495 | 56,495 | 0 |
| <i>Fund Balance at End of Year</i> | <u>\$39,352</u> | <u>\$39,352</u> | <u>\$44,358</u> | <u>\$5,006</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)
Road and Bridge Fund
For the Year Ended December 31, 2016

| | Budgeted Amounts | | Actual | <i>Variance Positive (Negative)</i> |
|--|------------------|----------|----------|---|
| | Original | Final | | |
| <u>Receipts:</u> | | | | |
| Property Taxes | \$3,000 | \$3,000 | \$3,707 | \$707 |
| Intergovernmental | 100 | 100 | 20 | (80) |
| <i>Total Receipts</i> | 3,100 | 3,100 | 3,727 | 627 |
| <u>Disbursements:</u> | | | | |
| Current: | | | | |
| Public Works | 5,591 | 5,591 | 5,491 | 100 |
| <i>Net Change in Fund Balance</i> | (2,491) | (2,491) | (1,764) | 727 |
| <i>Fund Balance at Beginning of Year</i> | 26,842 | 26,842 | 26,842 | 0 |
| <i>Fund Balance at End of Year</i> | \$24,351 | \$24,351 | \$25,078 | \$727 |

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, 2016

| | Budgeted Amounts | | Actual | <i>Variance Positive (Negative)</i> |
|--|------------------|----------|----------|---|
| | Original | Final | | |
| <u>Receipts:</u> | | | | |
| Charges for Services | \$3,375 | \$3,375 | \$11,250 | \$7,875 |
| Gifts and Donations | 100 | 100 | 100 | 0 |
| <i>Total Receipts</i> | 3,475 | 3,475 | 11,350 | 7,875 |
| <u>Disbursements:</u> | | | | |
| Current: | | | | |
| Health | 4,030 | 4,030 | 3,626 | 404 |
| <i>Net Change in Fund Balance</i> | (555) | (555) | 7,724 | 8,279 |
| <i>Fund Balance at Beginning of Year</i> | 29,177 | 29,177 | 29,177 | 0 |
| <i>Fund Balance at End of Year</i> | \$28,622 | \$28,622 | \$36,901 | \$8,279 |

See Accompanying Notes to the Basic Financial Statements

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

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

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

Primary Government

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

Component Units

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

Public Entity Risk Pool

The Township participates in one public entity risk pool, the Ohio Township Association Risk Management Authority. Notes 6 and 10 to the financial statements provide additional information for these entities.

Note 2 – Summary of Significant Accounting Policies

These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Basis of Presentation

The Township’s basic financial statements consist of government-wide financial statements, including a Statement of Net Position 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, 2016

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

General Fund – The General Fund is the operating fund of the Township and is used to account for and report 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.

Motor Vehicle License Tax Fund – This fund accounts for and reports intergovernmental motor vehicle revenues restricted for road repairs and upkeep.

Gasoline Tax Fund – This fund is required by the Ohio Revised Code to account for and report State gasoline tax monies restricted for maintenance and repair of roads within the Township.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

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

Cemetery Fund – This fund accounts for and reports revenues received from the sale of lots, charges for burial services and foundations restricted to operation and maintenance of the Township cemetery.

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

Basis of Accounting

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

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

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate. The appropriations resolution is the Township’s authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

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

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

Cash and Investments

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

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

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 2016 was \$303, of which \$161 was assigned from other Township funds.

Inventory and Prepaid Items

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

Capital Assets

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

Employer Contributions to Cost-Sharing Pension Plans

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

Long-Term Obligations

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

Net Position

Net positions 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. Net position restricted for other purposes includes resources restricted for public works and health.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Internal Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. The Township had no interfund activity in 2016.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Fund Balance

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

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted

The restricted fund balance is reported 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.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Township Trustees. Those committed amounts cannot be used for any other purpose unless Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Township Trustees or a Township official delegated that authority by Township resolution, or by State Statute. State Statute authorizes the Township Clerk to assign fund balance for purchase on order provided such amounts have been lawfully appropriated.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

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.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) presented for the General Fund and the Motor Vehicle License Tax, Gasoline Tax, 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. The Township had a \$286 outstanding encumbrance in the Road and Bridge fund at year-end resulting in a difference between budget and cash basis.

Note 4 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAROhio).
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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 year end, \$70,165 of the Township's bank balance of \$320,165 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Township to a successful claim by the Federal Deposit Insurance Corporation.

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:

1. Eligible securities pledged to the Township and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or
2. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

The Township's financial institution maintained its own 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 105 percent of the deposits being secured.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 5 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes were levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2016, was \$1.91 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2016 property tax receipts were based are as follows:

| | |
|-------------------------------|----------------------------|
| Real Property: | |
| Agricultural/Residential | \$23,673,910 |
| Commercial/Industrial/Mineral | 283,070 |
| Public Utility Personal | <u>9,786,560</u> |
| Total Assessed Value | <u><u>\$33,743,540</u></u> |

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – Risk Management

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

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

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.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

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, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 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.

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, 2016:

| | | |
|--------------|---------------------|---|
| | 2016 | |
| Assets | <u>\$38,473,283</u> | . |
| Liabilities | <u>(8,244,140)</u> | . |
| Net Position | <u>\$30,229,143</u> | : |

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$1,576.

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>2016 Contributions to</u> | |
| OTARMA | \$ 3,502 |

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.

Note 7 – Defined Benefit Pension Plan

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - Township employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

| Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Group C Members not in other Groups and members hired on or after January 7, 2013 |
|---|---|---|
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |
| Public Safety | Public Safety | Public Safety |
| Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit |
| Law Enforcement | Law Enforcement | Law Enforcement |
| Age and Service Requirements: Age 52 with 15 years of service credit | Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit |
| Public Safety and Law Enforcement | Public Safety and Law Enforcement | Public Safety and Law Enforcement |
| Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 |

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

| | State and Local |
|--|--------------------|
| 2016 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee | 10.0 % |
| 2016 Actual Contribution Rates | |
| Employer: | |
| Pension | 12.0 % |
| Post-employment Health Care Benefits | 2.0 |
| Total Employer | 14.0 % |
| Employee | 10.0 % |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution was \$9,103 for year 2016.

Note 8 – Post-employment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the Township's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$1,300, \$1,167, and \$1,154, respectively. The full amount has been contributed for all three years.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 9 – Contingent Liabilities

Litigation

The Township is not party to any legal proceedings.

Federal and State Grants

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

Note 10 - Shared Risk Pool

Ohio Township Association Risk Management Authority

The Township is a member of the Ohio Township Association Risk Management Authority, a risk-sharing pool. For more information on OTARMA, see Note 6.

Note 11 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

| Fund Balances | General | Motor Vehicle License Tax Fund | Gasonline Tax Fund | Road and Bridge Fund | Cemetery Fund | Nonmajor Governmental Funds | Total |
|----------------------------|------------------|---|-----------------------|-------------------------|------------------|-----------------------------------|------------------|
| <u>Restricted for:</u> | | | | | | | |
| Public Works | \$0 | \$14,635 | \$44,358 | \$0 | \$0 | \$27,281 | \$86,274 |
| Health | 0 | 0 | 0 | 0 | 36,901 | 1,235 | 38,136 |
| <i>Total Restricted</i> | 0 | 14,635 | 44,358 | 0 | 36,901 | 28,516 | 124,410 |
| <u>Committed to:</u> | | | | | | | |
| Public Works | 0 | 0 | 0 | 25,364 | 0 | 0 | 25,364 |
| <u>Assigned to:</u> | | | | | | | |
| Future Appropriations | 18,947 | 0 | 0 | 0 | 0 | 0 | 18,947 |
| <u>Unassigned:</u> | | | | | | | |
| | 151,444 | 0 | 0 | 0 | 0 | 0 | 151,444 |
| Total Fund Balances | \$170,391 | \$14,635 | \$44,358 | \$25,364 | \$36,901 | \$28,516 | \$320,165 |

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 12 – Fiscal Emergency

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

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

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**BLOOM TOWNSHIP
SCIOTO COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017 and 2016**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--|------------------|--|
| 2015-001 | Ohio Rev. Code § 505.60(A) – Finding for Recovery against Trustee Fred Canter for Improper Reimbursement of Medical and Hospital Expenses. | Yes | Mr. Canter repaid entire Finding for Recovery during audit period. |
| 2015-002 | Ohio Rev. Code § 505.60(A) - Finding for Recovery against Fiscal Officer, Diana Stonerock, or Improper Reimbursement of Medical and Hospital Expenses. | No | Partially Corrected; Trustee Resolution 15-2015 approved for \$50 per month to be paid to the Township until finding was repaid. Fiscal Officer did make some payments in 2016 and 2017 toward this. |
| 2015-003 | Ohio Rev. Code § 117.103(B)(1) | Yes | |
| 2015-004 | Ohio Rev. Code § 5705.40 | No | Not Corrected. Repeated as Finding 2017-003. |
| 2015-005 | Internal Control – Required Audit Adjustments | No | Not Corrected. Repeated as Finding 2017-006. |
| 2015-006 | Internal Control – Images of Checks | No | Not Corrected. Repeated as Finding 2017-008. |
| 2015-007 | Internal Control – Disaster Recovery Plan | No | Not Corrected. Repeated as Finding 2017-009. |

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Dave Yost • Auditor of State

BLOOM TOWNSHIP

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 8, 2018**