



**Auditor of State
Betty Montgomery**

**Bloom Township
Scioto County, Ohio**

**Fiscal Emergency Analysis
As of December 31, 2004, and April 30, 2005**

Local Government Services Section

Bloom Township, Scioto County

Fiscal Emergency Analysis

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**Auditor of State
Betty Montgomery**

Declaration of Fiscal Emergency

The Auditor of State performed a fiscal analysis of Bloom Township, Scioto County, pursuant to Section 118.03 of the Ohio Revised Code. This analysis indicates and it is hereby declared that a fiscal emergency exists at Bloom Township as defined by Sections 118.03(A)(5), and 118.03(B) of the Ohio Revised Code.

Accordingly, this report is hereby submitted and filed with Ronald Rawlins, President of the Board of Trustees of Bloom Township; Diana Stonerock, Township Clerk; Bob Taft, Governor; J. Kenneth Blackwell, Secretary of State; Jennette B. Bradley, Treasurer of State; Thomas W. Johnson, Director of the Office of Budget and Management and the Scioto County Budget Commission.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 9, 2005

Bloom Township, Scioto County

Fiscal Emergency Analysis

Introduction

As provided by Section 118.04(A) of the Ohio Revised Code, Ronald Rawlins, President of the Board of Trustees, requested that a fiscal analysis be performed by the Auditor of State of Bloom Township, Scioto County. The purpose of this analysis is to determine if the financial condition of the Township justifies the declaration of a fiscal emergency.

A township is placed in fiscal emergency if any one of six conditions described in Section 118.03 of the Ohio Revised Code exists. The six conditions are: 1) default on a debt obligation; 2) failure to make payment of all payroll; 3) an increase in the minimum levy of the township which results in the reduction in the minimum levy of another subdivision; 4) significant past due accounts payable; 5) substantial deficit balances in township funds; and 6) a sizeable deficiency when the township's treasury balance is compared to the positive cash balances of the township's funds.

The year end conditions described under Conditions 4, 5, and 6, of this report shall not constitute a fiscal emergency if the Township clearly demonstrates to the satisfaction of the Auditor of State prior to the time of the Auditor of State's determination that the conditions no longer exist at the time of the determination.

This report identifies the procedures performed and the conclusions reached with respect to each condition as of December 31, 2004, and April 30, 2005, the most recent date for which reconciled financial data was available.

Condition One - Default on Any Debt Obligation

Section 118.03(A)(1) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

We reviewed the outstanding indebtedness of the Township as of April 30, 2005, which consisted of one debt obligation as follows:

| <u>Debt Issue</u> | <u>Interest Rate</u> | <u>Payment Date</u> | <u>Amount Due</u> | <u>Days Past Due at April 30, 2005</u> |
|------------------------------|--------------------------|-------------------------|-----------------------|--|
| Loan Payable | | | | |
| Ohio Public Works Commission | 0.00% | July 1, 2004 | \$870 | 0 |
| | | January 1, 2005 | 870 | 0 |

We examined the debt payments for the period of January 1, 2004, to April 30, 2005, and compared the payment dates and amounts paid to the due dates and amounts due according to the debt agreement to determine if the Township was meeting its debt obligation in a timely manner. There were no debt payments more than 30 days past due.

Conclusion: A fiscal emergency condition does not exist under Ohio Revised Code Section 118.03(A)(1). No default on any debt obligation for more than thirty days existed at April 30, 2004.

Bloom Township, Scioto County

Fiscal Emergency Analysis

Condition Two - Payment of All Payroll

Section 118.03(A)(2) of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation, county, or township in the amounts and at the times required by law, ordinances, resolutions, or agreements, which failure of payment has continued:

- (a) For more than thirty days after such time for payment, or
- (b) Beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than thirty days by the written consent of at least two-thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

We reviewed the payroll records of the Township as of April 30, 2005. We reviewed the Township Board minutes and resolutions and had a discussion with the Township Clerk to determine the employees of the Township, pay rates, frequency of payroll, and whether any extensions for the payment of payroll exist. We reviewed the cash journal and payroll checks to determine whether Township employees had been paid within the time specified by Sections 118.03(A)(2)(a) and (b) of the Ohio Revised Code.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Ohio Revised Code as of April 30, 2005. All employees have been paid in amounts and at the times required by Township resolution.

Condition Three - Increase in Minimum Levy

Section 118.03(A)(3) of the Ohio Revised Code defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation, county, or township for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Scioto County Budget Commission whether there had been an increase, pursuant to division (D) of Section 5705.31 of the Ohio Revised Code, in the minimum levy of the Township for 2004 or 2005, which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Scioto County Budget Commission indicated that the Commission had not taken any action in 2004 or 2005 to increase the inside millage of the Township.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Ohio Revised Code. The Scioto County Budget Commission has not taken any action to increase the inside millage of the Township.

Bloom Township, Scioto County

Fiscal Emergency Analysis

Condition Four - Past Due Accounts Payable from the General Fund and All Funds

Section 118.03(A)(4) of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year-end balance in the general fund, exceeded one-sixth of the general fund budget for that year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation, county, or township and that either had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund and in the respective special funds lawfully available to pay such accounts, exceeded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable

We prepared a schedule of accounts payable as of December 31, 2004 that were due and payable from the General Fund, and that had been due and payable for at least thirty days, or to which a penalty had been added for failure to pay as of December 31, 2004, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities, including any interest and penalties. From this amount we subtracted the year-end fund balance available in the general fund to determine if the accounts payable in excess of the available fund balance exceeded one-sixth of the general fund budget for that year.

Schedule I

Accounts Payable from the General Fund Over 30 Days Past Due
Ohio Revised Code Section 118.03(A)(4)
As of December 31, 2004

| | Payables Over 30 Days Past Due | General Fund Balance Available | Payables In Excess of Balance Available | One-Sixth of General Fund Budget | Accounts Payable In Excess of General Fund Budget |
|--------------|--------------------------------------|--------------------------------------|--|--|---|
| General Fund | \$5,841 | \$0 | \$5,841 | \$7,164 | \$0 |

We prepared a schedule of accounts payable (as defined above) for all funds which were at least thirty days past due or to which a penalty was added as December 31, 2004. From this amount, we subtracted the year-end fund balance available to pay such outstanding bills. We then determined if the accounts payable in excess of the available fund balance exceeded one-sixth of the available revenues during 2004, excluding non-recurring receipts of the general fund and of all special funds from which such accounts are lawfully payable.

Bloom Township, Scioto County

Fiscal Emergency Analysis

Condition Four - Past Due Accounts Payable from the General Fund and All Funds (Continued)

Schedule II

All Funds Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.03(A)(4)
As of December 31, 2004

| Funds | Payables Over 30 Days Past Due | Fund Balance Available | Payables In Excess of Balance Available | One-Sixth of the Revenue Lawfully Available | Accounts Payable In Excess of Available Revenue |
|-----------------------------------|--------------------------------------|---------------------------|--|--|---|
| General Fund | \$5,841 | \$0 | \$5,841 | \$8,493 | \$0 |
| Motor Vehicle License Tax Fund | 6,931 | 13,659 | 0 | 0 | 0 |
| Gasoline Tax Fund | 595 | 0 | 595 | 12,302 | 0 |
| Road and Bridge Fund | 510 | 2,689 | 0 | 0 | 0 |
| | <u>\$13,877</u> | <u>\$16,348</u> | <u>\$6,436</u> | <u>\$20,795</u> | <u>\$0</u> |

Conclusion: Schedules I and II indicate that as of December 31, 2004 a fiscal emergency condition does not exist under Section 118.03(A)(4) of the Ohio Revised Code. Accounts payable from the general fund which were at least thirty days past due at the end of the year did not exceed the available balance in the general fund and one-sixth of the available budget and the accounts payable from all funds which were at least thirty days past due at the end of the year did not exceed the available balance and one-sixth of the available revenue.

Condition Five - Deficit Fund Balances

Section 118.03(A)(5) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds as of December 31, 2004 by subtracting all accounts payable and encumbrances from the year-end cash fund balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-sixth of the general fund budget and the revenues lawfully available to those deficit funds. We then identified funds that may be transferred, as provided in Section 5705.14 of the Ohio Revised Code, to meet such deficits to arrive at the unprovided portion of the aggregate deficit.

Bloom Township, Scioto County

Fiscal Emergency Analysis

Condition Five - Deficit Fund Balances (Continued)

Schedule III

Deficit Fund Balances
Ohio Revised Code Section 118.03(A)(5)
As of December 31, 2004

| | Cash Fund Balance | Less Accounts Payable and Encumbrances | Adjusted Aggregate Sum of Funds with Deficit Balances | One-Sixth General Fund Budget/Revenues Lawfully Available | Provided (Unprovided) Portion of Aggregate Deficit |
|---|----------------------|--|---|--|--|
| General Fund | (\$19,986) | (\$6,890) | (\$26,876) | \$7,164 | (\$19,712) |
| Gasoline Tax Fund | (1,819) | (3,269) | (5,088) | 12,302 | 0 |
| Permissive Motor Vehicle Tax Fund | (712) | 0 | (712) | 2,690 | 0 |
| Subtotal | <u>(\$22,517)</u> | <u>(\$10,159)</u> | <u>(\$32,676)</u> | <u>\$22,156</u> | |
| Funds available for transfer | | | | | <u>0</u> |
| Total Unprovided Portion of Aggregate Deficit Funds | | | | | <u>(\$19,712)</u> |

Section 118.03(B) of the Ohio Revised Code, provides in part:

Any year-end condition described in division (A)(5) of this section shall not constitute a fiscal emergency condition if the municipal corporation, county, or township clearly demonstrates to the satisfaction of the Auditor of State prior to the time of the Auditor of State's determination that such condition no longer exists at the time of the determination pursuant to Section 118.04 of the Revised Code. For the purpose of such demonstration, there shall be taken into account deficit amounts of deficit funds at the time of such demonstration, rather than at the end of the fiscal year, and there shall be taken into account the moneys and marketable securities in the treasury of the municipal corporation, county, or township at the time of such demonstration that are in the case of division (A)(5) of this section, held for the general fund or any special fund that may be transferred as provided in section 5705.14 of the Ohio Revised Code to meet such deficit.

We computed the adjusted aggregate sum of all deficit funds as of April 30, 2005, by subtracting all accounts payable and encumbrances from the year-end cash fund balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-sixth of the revenues lawfully available to those deficit funds. We then identified funds that may be transferred, as provided in Section 5705.14 of the Ohio Revised Code, to meet such deficits to arrive at the unprovided portion of the aggregate deficit.

Bloom Township, Scioto County

Fiscal Emergency Analysis

Condition Five - Deficit Fund Balances (Continued)

Schedule IV

Deficit Fund Balances
Ohio Revised Code Section 118.03(B)
As of April 30, 2005

| | Cash Fund Balance | Less Accounts Payable and Encumbrances | Adjusted Aggregate Sum of Funds with Deficit Balances | Less One-Sixth of General Fund Budget/Revenues Lawfully Available | Unprovided Portion of Aggregate Deficit |
|---|----------------------|--|---|--|--|
| General Fund | \$1,697 | (\$13,900) | (\$12,203) | \$8,529 | (\$3,674) |
| Motor Vehicle License Tax Fund | 4,268 | (16,222) | (11,954) | 2,225 | (9,729) |
| Subtotal | <u>\$5,965</u> | <u>(\$30,122)</u> | <u>(\$24,157)</u> | <u>\$10,754</u> | |
| Funds available for transfer | | | | | <u>0</u> |
| Total Unprovided Portion of Aggregate Deficit Funds | | | | | <u>(\$13,403)</u> |

Conclusion: Schedules III and IV indicate that a fiscal emergency condition exists under Sections 118.03(A)(5) and 118.03(B) of the Ohio Revised Code as of December 31, 2004, and April 30, 2005. The total unprovided portion of the aggregate deficit funds as of December 31, 2004, and April 30, 2005, is \$19,712 and \$13,403, respectively.

Condition Six - Treasury Deficiency

Section 118.03(A)(6) of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation, county, or township, minus outstanding checks and warrants, were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet, and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the Township's reconciled bank balances to its fund cash balances as of December 31, 2004. From the treasury balance we subtracted the aggregate sum of all positive fund balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. We then subtracted from the treasury deficit one-sixth of the amount received into the treasury during 2004, to determine if a treasury deficiency exists.

Bloom Township, Scioto County

Fiscal Emergency Analysis

Condition Six - Treasury Deficiency (Continued)

Schedule V

Treasury Balance
Revised Code Section 118.03(A)(6)
As of December 31, 2004

| | <u>December 31, 2004</u> |
|---|--------------------------|
| Bank Cash Balance | \$7,250 |
| Adjustments: | |
| Deposits in Transit | 13,790 |
| Outstanding Checks | <u>(14,164)</u> |
| Total Treasury Balance | <u>6,876</u> |
| Less Positive Fund Balances | |
| General Fund | 0 |
| Motor Vehicle License Tax Fund | 19,745 |
| Gasoline Tax Fund | 0 |
| Road and Bridge Fund | 3,780 |
| Cemetery | 1,765 |
| Permissive Motor Vehicle License Tax Fund | 0 |
| Miscellaneous Special Revenue Fund | 159 |
| Non-Expendable Trust Fund | <u>3,944</u> |
| Total Positive Cash Fund Balances | <u>29,393</u> |
| Treasury Deficit | (22,517) |
| One-sixth Treasury Receipts | <u>28,204</u> |
| Treasury Receipts in Excess of Treasury Deficit | <u><u>\$5,687</u></u> |

Conclusion: Schedule V indicates that a fiscal emergency condition does not exist under Section 118.03(A)(6) of the Ohio Revised Code as of December 31, 2004. The treasury balance less the positive fund balances does not exceed one-sixth of the treasury receipts as of December 31, 2004.

Summary

A fiscal emergency is the existence of at least one of the above defined conditions. This analysis indicates that a fiscal emergency exists at Bloom Township as defined in Sections 118.03(A)(5) and 118.03(B) of the Ohio Revised Code as presented in Schedules III and IV above as of December 31, 2004, and April 30, 2005.

Because the above procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you.



**Auditor of State
Betty Montgomery**

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BLOOM TOWNSHIP

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 09, 2005**