

Bloom Township
Scioto County
Regular Audit
For the Year Ended December 31, 2008



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Dave Yost • Auditor of State

January 13, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

A handwritten signature in black ink that reads "Dave Yost".

DAVE YOST
Auditor of State

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Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Bloom Township, Scioto County, prepared by Millhuff-Stang, CPA, Inc, for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Bloom Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 29, 2010

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Bloom Township
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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Township, Scioto County, Ohio (the Township), as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Township, Scioto County, Ohio, as of December 31, 2008, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2010 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Bloom Township
Scioto County
Independent Auditor's Report
Page 2

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

A handwritten signature in cursive script that reads "Natalie Millhuff-Stang".

Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

November 30, 2010

Bloom Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

This discussion and analysis of Bloom Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2008, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2008 are as follows:

Net assets of governmental activities increased \$42,559, a significant change from the prior year. The funds most affected by the increase in cash and cash equivalents were the General Fund and the Gasoline Tax and Permissive Motor Vehicle License Special Revenue Funds.

The Township's general receipts are primarily property taxes and unrestricted grants and entitlements. These receipts represent \$74,351 of the total cash received for governmental activities during the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Bloom Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Township did financially during 2008, within the limitations of the cash basis of accounting. The Statement of Net Assets presents the cash balances of the governmental activities of the Township at year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well, such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the Statement of Net Assets and the Statement of Activities, we divide the Township into two types of activities:

Governmental Activities – Most of the Township's basic services are reported here, including general government services, maintenance of Township roads and bridges, and cemetery maintenance. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type Activities – The Township has no business-type activities.

Bloom Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund and the Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge Special Revenue Funds.

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

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2008 compared to 2007 on a cash basis:

(Table 1)
Net Assets

	<u>Governmental Activities</u> <u>2008</u>	<u>2007</u>	<u>Increase/ (Decrease)</u>
<i>Assets:</i>			
Cash and Cash Equivalents	\$124,549	\$81,990	\$42,559
<i>Net Assets:</i>			
Restricted for Other Purposes	113,666	82,345	31,321
Unrestricted	10,883	(355)	11,238
<i>Total Net Assets</i>	<u>\$124,549</u>	<u>\$81,990</u>	<u>\$42,559</u>

As mentioned previously, net assets of governmental activities increased \$42,559 during 2008. The primary reason contributing to this increase was that the Township continued monitoring disbursements more closely within its funds in an effort to better control its spending situation.

Bloom Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 2 reflects the changes in net assets for 2008 and 2007.

(Table 2)
Changes in Net Assets

	Governmental Activities 2008	Governmental Activities 2007	Increase/ (Decrease)
Receipts:			
Program Cash Receipts:			
Operating Grants	\$116,516	\$111,249	\$5,267
General Receipts:			
Property Taxes	57,595	56,833	762
Grants and Entitlements not Restricted to Specific Programs	16,756	14,016	2,740
Interest	642	414	228
Other	11,886	10,782	1,104
Total General Receipts	86,879	82,045	4,834
<i>Total Receipts</i>	203,395	193,294	10,101
Disbursements:			
General Government	60,287	50,151	10,136
Public Works	96,344	111,382	(15,038)
Health	2,465	5,520	(3,055)
Debt Service:			
Principal Retirement	1,740	1,740	0
<i>Total Disbursements</i>	160,836	168,793	(7,957)
<i>Increase in Net Assets</i>	42,559	24,501	18,058
<i>Net Assets at Beginning of Year</i>	81,990	57,489	24,501
<i>Net Assets at End of Year</i>	\$124,549	\$81,990	\$42,559

Program receipts represent \$116,516 of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax monies.

General receipts represent \$86,879 of the Township's total receipts, and of this amount, \$57,595 are property taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Bloom Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These activities include costs of the auditor, fiscal officer, and a portion of the trustees, as well as internal services such as payroll and purchasing. General government represents \$60,287 of total disbursements of \$160,836 while public works disbursements represent \$96,344 of the total. Disbursements included within public works include primarily street maintenance and the trustees' salaries and benefits.

Governmental Activities

If you look at the Statement of Activities on page 11, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. As previously mentioned, the major program disbursements for governmental activities are for general government and public works. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net Receipts (Disbursements) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2008	Net Cost of Services 2008	Total Cost Of Services 2007	Net Cost of Services 2007
General Government	\$60,287	\$60,287	\$50,151	\$50,151
Public Works	96,344	(20,172)	111,382	133
Health	2,465	2,465	5,520	5,520
Debt Service:				
Principal Retirement	1,740	1,740	1,740	1,740
<i>Total Expenses</i>	\$160,836	\$44,320	\$168,793	\$57,544

The Township's Funds

Total governmental funds had receipts of \$198,644 and disbursements of \$160,836. The greatest change within governmental funds occurred within the General Fund. General Fund receipts were greater than disbursements indicating that the General Fund has made progress in eliminating its deficit spending situation. The Township has continued monitoring disbursements closely within the General Fund in an effort to better control its spending situation and reallocating property tax revenue generated from the Township's inside millage to this fund instead of to the Road and Bridge Fund. As a result, the Township has eliminated its deficit balance.

Bloom Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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The Motor Vehicle License Tax Special Revenue Fund balance increased \$2,744 as result of the Township making additional salary and operating supply disbursements from other funds in 2008 rather than from this fund as it had in the past.

The Gasoline Tax Special Revenue Fund balance increased \$9,492. In the past, the Gasoline Tax fund balance increased more substantially. However, as a result of the Township's continued focus on becoming financially sound within all of its funds, more disbursements relating to salaries and operating supplies are being made from the Gasoline Tax Fund due to the amount of receipts it has.

The Road and Bridge Special Revenue Fund balance increased \$8,463 as a result of the Township making salary and capital disbursements from other funds in 2008. This adjustment was necessary to offset the Township's decision to reallocate property tax revenue generated from inside millage to the General Fund.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2008, the Township amended its General Fund budget as needed. For 2008, changes in receipt amounts reflected in the final budget and actual receipts of the Township existed as a result of the Township receiving larger homestead and rollback monies than anticipated and not adjusting its final budget for such receipts. Final budgeted receipts in the amount of \$65,527 were greater than original budgeted receipts in the amount of \$61,214. The difference is primarily due to property taxes being higher than original estimates.

The increase in disbursements from the original to the final budget was \$7,236 which is the result of Township incurring greater fees for its biannual audit than originally expected and for contracted services as a result of being in fiscal emergency. The difference in actual disbursements made from the final budget was \$4,459. The Township made conservative estimates for property tax collection fees and contracted services that resulted in an excess of appropriations for the year.

Actual General Fund receipts were greater than disbursements by \$11,238. This was the result of the Township's continued monitoring of disbursements closely within the General Fund in an effort to better control its spending situation and reallocating property tax revenue generated from the Township's inside millage to this fund instead of to the Road and Bridge Fund.

Capital Assets and Debt Administration

Capital Assets

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

Bloom Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Debt

At December 31, 2008, the Township's outstanding debt included one Ohio Public Works Commission loan with a balance of \$6,091. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Diana Stonerock, Fiscal Officer, Bloom Township, 661 Webster St., South Webster, OH 45682.

Bloom Township
Statement of Net Assets - Cash Basis
December 31, 2008

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$124,549</u></u>
<u>Net Assets:</u>	
Restricted for Other Purposes	113,666
Unrestricted	<u>10,883</u>
<i>Total Net Assets</i>	<u><u>\$124,549</u></u>

See Accompanying Notes to the Basic Financial Statements

Bloom Township
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

	<u>Program Cash Receipts</u>	
Cash Disbursements	Operating Grants	Net Receipts (Disbursements) and Changes in Net Assets
<u>Governmental Activities:</u>		
General Government	\$60,287	\$0 (\$60,287)
Public Works	96,344	116,516 20,172
Health	2,465	0 (2,465)
Debt Service:		
Principal Retirement	1,740	0 (1,740)
<i>Total Governmental Activities</i>	<u>\$160,836</u>	<u>\$116,516</u> (44,320)
<u>General Receipts:</u>		
Property Taxes Levied for:		
General Purposes		57,595
Grants and Entitlements not Restricted to Specific Programs		16,756
Interest		642
Other		11,886
<i>Total General Receipts</i>		<u>86,879</u>
<i>Change in Net Assets</i>		42,559
<i>Net Assets at Beginning of Year</i>		<u>81,990</u>
<i>Net Assets at End of Year</i>		<u>\$124,549</u>

See Accompanying Notes to the Basic Financial Statements

Bloom Township
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2008

	General	Motor Vehicle License Tax	Gasoline Tax
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$10,883	\$12,918	\$66,371
<u>Fund Balances:</u>			
Unreserved:			
Undesignated, Reported in:			
General Fund	\$10,883	\$0	\$0
Special Revenue Funds	0	12,918	66,371
<i>Total Fund Balances</i>	\$10,883	\$12,918	\$66,371

See Accompanying Notes to the Basic Financial Statements

Road and Bridge	Other Governmental Funds	Total Governmental Funds
<u>\$15,337</u>	<u>\$19,040</u>	<u>\$124,549</u>
\$0	\$0	\$10,883
<u>15,337</u>	<u>19,040</u>	<u>113,666</u>
<u>\$15,337</u>	<u>\$19,040</u>	<u>\$124,549</u>

Bloom Township
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2008

	General	Motor Vehicle License Tax	Gasoline Tax
<u>Receipts:</u>			
Property Taxes	\$54,614	\$0	\$0
Intergovernmental	16,066	11,941	89,806
Interest	195	62	345
Other	650	0	360
<i>Total Receipts</i>	<u>71,525</u>	<u>12,003</u>	<u>90,511</u>
<u>Disbursements:</u>			
Current:			
General Government	60,287	0	0
Public Works	0	9,259	79,279
Health	0	0	0
Debt Service:			
Principal Retirement	0	0	1,740
<i>Total Disbursements</i>	<u>60,287</u>	<u>9,259</u>	<u>81,019</u>
<i>Excess of Receipts Over Disbursements</i>	11,238	2,744	9,492
<u>Other Financing Sources:</u>			
Sale of Capital Assets	0	0	0
<i>Net Change in Fund Balances</i>	11,238	2,744	9,492
<i>Fund Balances (Deficit) at Beginning of Year</i>	<u>(355)</u>	<u>10,174</u>	<u>56,879</u>
<i>Fund Balances at End of Year</i>	<u>\$10,883</u>	<u>\$12,918</u>	<u>\$66,371</u>

See Accompanying Notes to the Basic Financial Statements

Road and Bridge	Other Governmental Funds	Total Governmental Funds
\$2,981	\$0	\$57,595
1,522	13,937	133,272
0	40	642
0	6,125	7,135
4,503	20,102	198,644
0	0	60,287
791	7,015	96,344
0	2,465	2,465
0	0	1,740
791	9,480	160,836
3,712	10,622	37,808
4,751	0	4,751
8,463	10,622	42,559
6,874	8,418	81,990
\$15,337	\$19,040	\$124,549

Bloom Township
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	<i>Variance Positive (Negative)</i>
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$49,829	\$53,199	\$54,614	\$1,415
Intergovernmental	11,335	12,278	16,066	3,788
Interest	50	50	195	145
Other	0	0	650	650
<i>Total Receipts</i>	61,214	65,527	71,525	5,998
<u>Disbursements:</u>				
Current:				
General Government	57,510	64,746	60,287	4,459
<i>Net Change in Fund Balance</i>	3,704	781	11,238	10,457
<i>Fund Balance (Deficit) at Beginning of Year</i>	(355)	(355)	(355)	0
<i>Fund Balance at End of Year</i>	\$3,349	\$426	\$10,883	\$10,457

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, 2008

	Budgeted Amounts		Actual	<i>Variance Positive (Negative)</i>
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$11,500	\$11,500	\$11,941	\$441
Interest	50	50	62	12
<i>Total Receipts</i>	11,550	11,550	12,003	453
<u>Disbursements:</u>				
Current:				
Public Works	19,765	9,969	9,259	710
<i>Net Change in Fund Balance</i>	(8,215)	1,581	2,744	1,163
<i>Fund Balance at Beginning of Year</i>	10,174	10,174	10,174	0
<i>Fund Balance at End of Year</i>	<u>\$1,959</u>	<u>\$11,755</u>	<u>\$12,918</u>	<u>\$1,163</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, 2008

	Budgeted Amounts		Actual	<i>Variance Positive (Negative)</i>
	Original	Final		
<i><u>Receipts:</u></i>				
Intergovernmental	\$72,000	\$80,000	\$89,806	\$9,806
Interest	50	100	345	245
Other	0	0	360	360
<i>Total Receipts</i>	72,050	80,100	90,511	10,411
<i><u>Disbursements:</u></i>				
<i>Current:</i>				
Public Works	88,596	85,113	79,279	5,834
<i>Debt Service:</i>				
Principal Retirement	1,740	1,740	1,740	0
<i>Total Disbursements</i>	90,336	86,853	81,019	5,834
<i>Net Change in Fund Balance</i>	(18,286)	(6,753)	9,492	16,245
<i>Fund Balance at Beginning of Year</i>	56,879	56,879	56,879	0
<i>Fund Balance at End of Year</i>	\$38,593	\$50,126	\$66,371	\$16,245

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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$2,045	\$1,852	\$2,981	\$1,129
Intergovernmental	351	1,217	1,522	305
<i>Total Receipts</i>	2,396	3,069	4,503	1,434
<u>Disbursements:</u>				
Current:				
Public Works	1,581	1,781	791	990
<i>Excess of Receipts Over Disbursements</i>	815	1,288	3,712	2,424
<u>Other Financing Sources:</u>				
Sale of Capital Assets	0	4,751	4,751	0
<i>Net Change in Fund Balance</i>	815	6,039	8,463	2,424
<i>Fund Balance at Beginning of Year</i>	6,874	6,874	6,874	0
<i>Fund Balance at End of Year</i>	<u>\$7,689</u>	<u>\$12,913</u>	<u>\$15,337</u>	<u>\$2,424</u>

See Accompanying Notes to the Basic Financial Statements

Bloom Township
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
December 31, 2008

	<u>Private Purpose Trust</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$4,369</u>
<u>Net Assets:</u>	
Held in Trust for Cemetery Maintenance	<u>\$4,369</u>

See Accompanying Notes to the Basic Financial Statements

Bloom Township
Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Fund
For the Year Ended December 31, 2008

	Private Purpose Trust
<u>Additions:</u>	
Interest	\$118
<u>Deductions:</u>	
	0
<i>Change in Net Assets</i>	118
<i>Net Assets at Beginning of Year</i>	4,251
<i>Net Assets at End of Year</i>	\$4,369

See Accompanying Notes to the Basic Financial Statements

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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.

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. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township’s accounting policies.

Basis of Presentation

The Township’s basic financial statements consist of government-wide financial statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements 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 nonexchange transactions.

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

Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. 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 all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

Motor Vehicle License Tax Fund – This fund is used to account for intergovernmental motor vehicle revenues used for road repairs and upkeep.

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

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

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

Fiduciary Funds

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

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

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

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

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

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”.

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 2008 was \$195, of which \$179 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 health care 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.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

Internal Activity

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 internal activity in 2008.

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, and Road and Bridge major Special Revenue Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 4 – Deposits and Investments (continued)

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

1. United States Treasury bills, bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that 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 that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAROhio).

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.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2008, all of the Township's bank balances were insured and were not exposed to custodial credit risk.

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

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax revenue received during 2008 for real and public utility property taxes represents collections of 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008.

2008 real property taxes are levied after October 1, 2008, on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

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. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible personal property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. In prior years, tangible personal property assessments were 25 percent of true value for capital assets and 23 percent for true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2008, was \$1.91 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2008 property tax receipts were based are as follows:

Real Property:	
Agricultural/Residential	\$18,174,060
Commercial/Industrial/Mineral	206,990
Public Utility Personal	7,788,180
General Business Personal	185,340
Total Assessed Value	<u><u>\$26,354,570</u></u>

Note 6 – Risk Management

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

For 2008, the Township contracted with Associated Risk Managers Finance Co. for liability, property, inland marine, and automobile liability insurance coverage and paid its premium to Cananwill, Inc., an agent for Associated Risk Managers Finance Co.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description – The Township participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The Township's contribution rate for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Township's contribution was 17.4 percent of covered payroll.

The Township's required contributions for pension obligations to the traditional pension and combined plans for the years ended December 31, 2008, 2007, and 2006, were \$7,074, \$7,506, and \$7,467, respectively. The full amount has been contributed for 2008, 2007, and 2006. No contributions to the member-directed plan were made during 2008.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 8 – Postemployment Benefits (continued)

To qualify for post-employment health care coverage, age-and-service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in OPERS’ financial report which may be obtained 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 post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment health care through their contributions to OPERS. A portion of each employer’s contribution to the traditional pension and combined plans is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.0 percent of covered payroll (17.40 percent for public safety and law enforcement). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$3,537, \$2,439, and \$2,453, respectively. The full amount has been contributed for 2008, 2007, and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Note 9 – Debt

The Township’s long-term debt activity for the year ended December 31, 2008, was as follows:

	Principal Outstanding 12/31/07	Additions	Deductions	Principal Outstanding 12/31/08	Amount Due Within One Year
2002 OPWC Loan 0%					
Original Issue (\$17,401)	\$7,831	\$0	\$1,740	\$6,091	\$1,740

Bloom Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

Note 9 – Debt (continued)

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

The following is a summary of the Township's future annual debt service requirements:

<u>Year</u>	OPWC Loan Principal
2009	\$1,740
2010	1,740
2011	1,740
2012	871
Total	<u>\$6,091</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township, less the same exempt debt, shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2008, were an overall debt margin of \$2,767,230 and an unvoted debt margin of \$1,449,501.

Note 10 – 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 11 – Compliance

The Township had appropriations in excess of estimated resources during the year which is contrary to Ohio Revised Code Section 5705.39.

The Township did not properly encumber funds prior to commitment which is contrary to Ohio Revised Code Section 5705.41(D).

The Township did not certify to the County Auditor the total amount from all sources available for expenditures timely which is contrary to Ohio Revised Code Section 5705.36.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Township, Scioto County, Ohio (the Township) as of and for the year ended December 31, 2008, which collectively comprise the Township's basis financial statements and have issued our report thereon dated November 30, 2010, wherein we noted the Township follows the cash basis of accounting, a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

Internal Control Over Financial Reporting (Continued)

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. This item is identified as item 2008-4.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2008-1 through 2008-3.

We noted certain matters that we reported to management of the Township in a separate letter dated November 30, 2010.

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

This report is intended solely for the information and use of management, the Board of Trustees, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

November 30, 2010

Bloom Township
Schedule of Findings and Responses
For the Year Ended December 31, 2008

**Findings Related to the Financial Statements Required to be Reported in Accordance With
GAGAS**

FINDING NUMBER 2008-1

Noncompliance Citation - Appropriations in Excess of Estimated Resources

Ohio Revised Code Section 5705.39 states in part that total appropriations from each fund shall not exceed the total estimated resources. Estimated resources were not filed until March 2008 for 2008. However, temporary appropriations were in place in January 2008. As a result, appropriations exceeded estimated resources during the period between adoption of appropriations and filing of estimated resources. Without timely filing its certificate of total amounts available for expenditure, the Township risks appropriated and spending in excess of estimated resources. We recommend that the Township implement the appropriate procedures to ensure that certificates are filed timely in accordance with State statute.

Client Response:

The Fiscal Officer will file in January each year the appropriate document.

FINDING NUMBER 2008-2

Noncompliance Citation – Prior Encumbrance of Funds

Ohio Revised Code Section 5705.41(D) states that 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. The statute provides the following exceptions to this basic requirement:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$3,000 for political subdivisions other than counties, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Several invoice dates preceded encumbrance dates. Failure to certify the availability of funds properly can result in over spending funds and negative cash fund balances.

The Township should implement budgetary monitoring procedures to ensure that funds are properly and timely encumbered prior to commitment.

Client Response:

The Fiscal Officer and Board of Trustees are issuing purchase orders and then and now only as needed in emergency situations.

Bloom Township
Schedule of Findings and Responses
For the Year Ended December 31, 2008

FINDING NUMBER 2008-3

Noncompliance Citation - Certification of Available Revenue

Ohio Revised Code Section 5705.36 states that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year. Except, a taxing authority shall exclude the following from unencumbered fund balances: Nonexpendable trust principal balances and any additions to principal not from the fund's reinvested earnings (Section 5705.131).

A certificate was not filed until March 2008 for 2008. Furthermore, the Township also has a cemetery trust but does not exclude nonexpendable balances from the certificates.

Without timely filing its certificate of total amounts available for expenditure, the Township risks appropriating and spending in excess of estimated resources. Furthermore, without excluding nonexpendable portions of trust balances, the Township risks improperly spending restricted funds.

We recommend that the Township implement the appropriate procedures to ensure that certificates are filed timely in accordance with State statute. We also recommend that the Township implement the appropriate procedures to ensure that the nonexpendable principal portion is properly excluded.

FINDING NUMBER 2008-4

Material Weakness – Monitoring of Gasoline Charges

Monitoring of financial activity is one of the most vital elements of an internal control environment as such procedures help to ensure that the Township's funds are being utilized for proper public purpose. During 2010, Township officials became aware that a Trustee had been utilizing a gasoline charge account improperly for personal gain for a span of time that included this audit period. The Township was subject to and experienced a loss of funds as a result of payment for improper charges to its gasoline account. The Township should review its internal control procedures over the usage of the gasoline charge account and update where appropriate to provide additional assurance that it mitigates future risk of loss.

Client Response:

Two Trustees will review all gasoline charges and the days of the week charged.

Bloom Township
Schedule of Prior Audit Findings
For the Year Ended December 31, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Noncompliance Citation – ORC 507.09 – Overpayment of Clerk	No	Payment Plan is in progress
2007-001	Significant Deficiency/Material Weakness/Noncompliance Citation – ORC 5705.10 – Negative Fund Balances	Yes	
2007-002	Noncompliance Citation – ORC 5705.41(B) – Expenditures in Excess of Appropriations	Yes	
2007-003	Noncompliance Citation – ORC 5705.41(D) – Prior Encumbrance of Funds	No	Reissued as Finding 2008-2
2007-004	Noncompliance Citation – ORC 5705.39 – Appropriations in Excess of Estimated Resources	No	Reissued as Finding 2008-1
2007-005	Significant Deficiency/Material Weakness – Budgeted Amounts Not Property Posted to Ledgers	No	Partially Corrected – Reissued in Management Letter

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Mary Taylor, CPA
Auditor of State

BLOOM TOWNSHIP

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 13, 2011**