



**Auditor of State
Betty Montgomery**

**BLOOM TOWNSHIP
SCIOTO COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Bloom Township
Scioto County
P.O. Box 613
South Webster, Ohio 45682

To the Board of Trustees:

We have audited the accompanying financial statements of Bloom Township, Scioto County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandates the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Bloom Township, Scioto County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As discussed in Note 8 to the financial statements, the Township accumulated negative fund cash balances in the General Fund of \$16,081, the Gasoline Tax Fund of \$946, and the Permissive Motor Vehicle License Tax Fund of \$3,373. Existence of these deficits raises substantial doubt about the Township's ability to continue as a going concern.

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In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2004, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be, used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

November 23, 2004

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$36,757	\$24,980	\$61,737
Intergovernmental	11,040	202,426	213,466
Licenses, Permits, and Fees	807		807
Earnings on Investments	187	48	235
Other Revenue	415	7,598	8,013
	<u>49,206</u>	<u>235,052</u>	<u>284,258</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	58,230	1,554	59,784
Public Safety		6,239	6,239
Public Works		183,327	183,327
Health	2,779	10,852	13,631
Debt Service:			
Redemption of Principal	5,767	14,910	20,677
Interest and Fiscal Charges	198	1,337	1,535
Capital Outlay		13,255	13,255
	<u>66,974</u>	<u>231,474</u>	<u>298,448</u>
Total Cash Disbursements			
Total Cash Receipts Over/ (Under) Cash Disbursements	<u>(17,768)</u>	<u>3,578</u>	<u>(14,190)</u>
Fund Cash Balances, January 1	<u>1,687</u>	<u>12,954</u>	<u>14,641</u>
Fund Cash Balances, December 31	<u>(\$16,081)</u>	<u>\$16,532</u>	<u>\$451</u>

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

BLOOM TOWNSHIP
SCIOTO COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Earnings on Investments	<u>\$98</u>
Total Operating Cash Receipts	<u>98</u>
Net Cash Receipts Over/(Under) Cash Disbursements	98
Fund Cash Balance, January 1	<u>3,799</u>
Fund Cash Balance, December 31	<u><u>\$3,897</u></u>

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

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$34,421	\$24,277	\$58,698
Intergovernmental	12,281	74,419	86,700
Earnings on Investments	463	290	753
Other Revenue	724	4,490	5,214
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	47,889	103,476	151,365
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	43,730		43,730
Public Works	1,500	71,032	72,532
Health		4,801	4,801
Debt Service:			
Redemption of Principal	4,272	26,365	30,637
Interest and Fiscal Charges	261	1,587	1,848
Capital Outlay	2,450	11,380	13,830
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	52,213	115,165	167,378
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/ (Under) Cash Disbursements	(4,324)	(11,689)	(16,013)
	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):			
Transfers-In	0	13,713	13,713
Transfers-Out	(5,000)	(8,713)	(13,713)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(5,000)	5,000	0
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(9,324)	(6,689)	(16,013)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	11,011	19,643	30,654
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$1,687	\$12,954	\$14,641
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Earnings on Investments	\$152
Total Operating Cash Receipts	152
Net Cash Receipts Over/(Under) Cash Disbursements	152
Fund Cash Balance, January 1	3,647
Fund Cash Balance, December 31	\$3,799

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

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Bloom Township, Scioto County (the Township), is a body corporate and politic 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 provides road and bridge maintenance and cemetery maintenance.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made. (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

The Township had one checking account during the audit period.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Miscellaneous Special Revenue Fund - This fund receives Federal Emergency Management Association grants for repairing roads.

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

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Fund (Trust Fund)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Fund:

Cemetery Bequest Fund - This Nonexpendable Trust Fund receives interest income for maintaining the Cemetery.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and re-appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH

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

	<u>2003</u>	<u>2002</u>
Demand deposits	\$1,182	\$15,274
Certificate of deposit	<u>3,166</u>	<u>3,166</u>
Total deposits	<u>\$4,348</u>	<u>\$18,440</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$43,638	\$49,206	\$5,568
Special Revenue	98,352	235,052	136,700
Nonexpendable Trust	136	98	(38)
Total	<u>\$142,126</u>	<u>\$284,356</u>	<u>\$142,230</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$0	\$66,974	(\$66,974)
Special Revenue	0	231,474	(231,474)
Nonexpendable Trust	0	0	
Total	<u>\$0</u>	<u>\$298,448</u>	<u>(\$298,448)</u>

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$40,429	\$47,889	\$7,460
Special Revenue	120,271	117,189	(3,082)
Nonexpendable Trust	135	152	17
Total	<u>\$160,835</u>	<u>\$165,230</u>	<u>\$4,395</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$43,545	\$57,213	(\$13,668)
Special Revenue	147,037	123,878	23,159
Nonexpendable Trust	0	0	0
Total	<u>\$190,582</u>	<u>\$181,091</u>	<u>\$9,491</u>

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. PROPERTY TAX

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

<u>General Obligation Notes</u>	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan	\$13,921	0.00%

The OWPC loan was issued to finance the resurfacing of Piquet Road. The original loan was for \$17,401. The general obligation note was collateralized by the full faith and credit of the Township.

Amortization of the above debt is scheduled as follows:

<u>Year Ending December 31:</u>	<u>OPWC Loan</u>
2004	\$870
2005	1,740
2006	1,740
2007	1,740
2008	1,740
2009-2012	<u>6,091</u>
Total	<u><u>\$13,921</u></u>

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township had total outstanding payments of \$2,772 as of December 31, 2003.

7. RISK POOL MEMBERSHIP

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK POOL MEMBERSHIP (Continued)

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:

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>

Assets	\$6,791,060	\$6,596,996
Liabilities	(750,956)	(1,204,326)
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>

8. DEFICIT FUND BALANCES

At December 31, 2003, the Township had negative cash fund balances, as follows, contrary to the provisions of Ohio Rev. Code Section 5705.10:

<u>Fund Type/Fund</u>	<u>Negative Balance</u>
General Fund	\$16,081
<u>Special Revenue Fund Type:</u>	
Gasoline Tax Fund	946
Permissive Motor Vehicle License Fund	<u>3,373</u>
Total	<u>\$20,400</u>



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Bloom Township
Scioto County
P.O. Box 613
South Webster, Ohio 45682

To the Board of Trustees:

We have audited the accompanying financial statements of Bloom Township, Scioto County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated November 23, 2004, wherein we noted certain Township funds, including the General Fund, had cash deficits as of December 31, 2003. We also noted the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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.

Compliance

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 grants, 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 that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2003-001 through 2003-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated November 23, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings as items 2003-006 through 2003-009.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2003-009 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated November 23, 2004.

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

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

Betty Montgomery
Auditor of State

November 23, 2004

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

Finding for Recovery – Repaid Under Audit

Ohio Rev. Code § 507.09 provides that in a Township having a budget of more than one hundred thousand dollars but not more than two hundred and fifty thousand dollars, the compensation for 2002 for the clerk elected or appointed before December 8, 2000 is to be \$8,666. Former Township Clerk, Linda Blevins, was serving a term from April 1, 2000 to March 31, 2004. Former Township Clerk, Linda Blevins, resigned effective March 31, 2002. The statutory salary was \$2,166.50 (\$722.16 x 3) for the Township Clerk for January 1, 2002 through March 31, 2002 based on the certificate of estimated resources. Linda Blevins received compensation in the amount of \$3,233.75 during 2002. This amount included compensation for an underpayment in the amount of \$315.00 from the prior audit. This resulted in an overpayment for 2002 in the amount of \$752.25

Salary allowed for period January 1, 2002 – March 31, 2002 Budget: \$195,136	\$2,166.50
Amount Paid Including Underpayment From Prior Audit	\$3,233.75
Underpayment from the prior audit	\$ 315.00
Adjusted Amount Paid Excluding Underpayment	\$2,918.75
Overpayment	\$752.25

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Linda Blevins, Former Township Clerk, and the Western Surety Company, her bonding company, jointly and severally in the amount of seven hundred fifty-two dollars and twenty-five cents (\$752.25), in favor of the General Fund of Bloom Township. The finding was paid by Linda Blevins on August 3, 2004, in the amount of \$752.25. The receipt was posted to Bloom Township General Fund per receipt number 76-2004.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Rev. Code § 5705.10 states, in part, that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The following funds had deficit fund balances at December 31, 2002: The Gasoline Fund in the amount of \$203 and the Permissive Motor Vehicle License Tax Fund in the amount of \$1,248.

The following funds had deficit fund balances at December 31, 2003: The General Fund in the amount of \$16,081, The Gasoline Fund in the amount of \$946, and the Permissive Motor Vehicle License Tax Fund in the amount of \$3,373.

The Township should only use money paid into each fund for the purpose for which the fund was established.

We recommend the Township Clerk and the Board of Trustees monitor spending more closely so that this situation does not occur. We also recommend Township Trustees and Clerk examine expenditures made from the General Fund to determine if they could be made from other funds with sufficient fund balances.

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

FINDING NUMBER 2003-003

Noncompliance Citation

Ohio Rev. Code § 5705.38(A) requires, in part, that on or about the first day of each fiscal year, an appropriation measure to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for the meeting of ordinary expenses until April 1.

The Township did not pass the annual appropriation measure for 2003, nor did it pass a temporary appropriation measure. As a result, the budgeted amounts in the expenditure journal could not be supported as approved by the Trustees as legal appropriations.

We recommend the Board of Trustees adopt an annual appropriation measure and this be recorded in the minutes of the meeting and filed with the County Auditor. A copy of the appropriation measure should also be retained by the Township Trustees.

FINDING NUMBER 2003-004

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures exceeded appropriations in the General Fund by \$13,668 (31%), and in the Permissive Motor Vehicle Fund by \$11,076 (58%) at December 31, 2002. There were no approved appropriations for the year ended December 31, 2003; therefore, expenditures in all funds exceeded appropriations.

The Clerk should deny payment requests exceeding appropriations. The Township Clerk may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

FINDING NUMBER 2003-005

Noncompliance Citation

Ohio Rev. Code § 5705.41(D)(1) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirement:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that both at the time that the contract or order was made and at the time she is completing her certification, a sufficient sum was appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1,000 (increased to \$3,000 on April 7, 2003), the fiscal officer may authorize it to be paid without the 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 Township.

"Then and now" certificates were not utilized and for 55% of the expenditures we tested, funds were not certified as available to meet commitments until after the commitment was made. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Township Clerk certify the availability of funds prior to incurring an obligation. The fund deficits described in Finding 2003-002 illustrate the importance of proper certifications. The Township Clerk cannot certify payments when cash will not be timely available.

FINDING NUMBER 2003-006

Reportable Condition

In 2002, estimated receipts exceeded actual receipts in the Motor Vehicle License Fund by \$4,231 (34%), in the Road and Bridge Fund by \$1,888 (18%), and in the Ohio Public Works Commission Fund by \$11,287 (129%). In 2003, estimated receipts exceeded actual receipts in the Motor Vehicle License Fund by \$2,805 (19%), in the Gasoline Tax Fund by \$2,603 (5%), and in the Permissive Motor Vehicle License Fund by \$710 (5%).

Since the expenditure of Township funds is based on the estimated receipts, instances when actual receipts do not meet budgetary estimates could lead to overspending.

We recommend the Township Clerk monitor estimated and actual receipts. When it is apparent that actual receipts will fall short of budgetary estimates, the Township Clerk should obtain a reduced amended certificate from the County Budget Commission. We further recommend the Board of Trustees make corresponding reductions in appropriations.

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

FINDING NUMBER 2003-007

Reportable Condition

The Township Clerk did reconcile bank statements on a monthly basis, however, reconciled amounts did not agree to the cashbook balances. This resulted in errors in the cash balances reported.

We recommend the Township Clerk reconcile the bank statements to fund balance each month, any other adjusting factors be resolved, and that a copy of the bank reconciliation be presented to the Trustees for review.

FINDING NUMBER 2003-008

Reportable Condition

Monies received from the County Auditor and State Auditor are required to be posted to various funds and line items within the Township records. There were several posting errors of these receipts in the UAN system, which caused cash receipts to be overstated or understated. Many receipts were posted to the wrong fund and/or line item. As a result, the audited financial statements have been adjusted to reflect the correct amounts in each fund and line item.

We recommend the Township Clerk review the receipt documents (i.e. tax settlement sheets, county auditor check stubs, etc.) and utilize the UAN chart of accounts, prior to posting receipts to the UAN System. Management can access the UAN handbook at: http://uanlink.auditor.state.oh.us/pdf/uan_win_software/una_accounting_manual.pdf.

FINDING NUMBER 2003-009

Material Weakness

As noted in Finding 2003-002, the Township has incurred deficit balances in certain funds. The Township's total fund cash balances have declined from approximately \$18,439 as of December 31, 2002 to approximately \$4,348 as of December 31, 2003. The Trustees should consider cost-cutting measures. Complying with all budgetary procedures Chapter 5705 described will prevent the deficit cash balances.

The Trustees should monitor the budget monthly, and assure that receipts are meeting projections and that disbursements do not exceed either appropriations or available cash.

**BLOOM TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-40733-001	Ohio Rev. Code Section 5705.41(B), expenditures exceeding appropriations	No	Not Corrected, reissued as Finding Number 2003-004.
2001-40733-002	Ohio Rev. Code Section 5705.41(D), failure to certify funds	No	Not Corrected, reissued in Finding Number 2003-005



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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
DECEMBER 30, 2004**