

**BLOOMINGGROVE TOWNSHIP
RICHLAND COUNTY**

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2005 AND DECEMBER 31, 2004



**Auditor of State
Betty Montgomery**

Board of Trustees
Bloominggrove Township
466 State Route 603 West
Shiloh, Ohio 44878

We have reviewed the *Independent Auditor's Report* of the Bloominggrove Township, Richland County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2004 through December 31, 2005. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. The Bloominggrove Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 12, 2006

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**BLOOMINGGROVE TOWNSHIP, OHIO
RICHLAND COUNTY
FOR THE YEARS ENDED
DECEMBER 31, 2005 AND DECEMBER 31, 2004**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Bloominggrove Township, Richland County
466 State Route 603 West
Shiloh, OH 44878

We have audited the accompanying financial statements of Bloominggrove Township, Richland County (the Township), as of and for the years ended December 31, 2005 and 2004. 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. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principals generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

INDEPENDENT AUDITOR'S REPORT (continued)

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principals generally accepted in the United States of America, the financial position of the Township as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of Bloominggrove Township as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2006 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 agreements and other matters. The purpose of that report is to describe the scope of our testing of 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.

July 10, 2006

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

Bloomington Township, Ohio
Richland County
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash
Balances - All Governmental Fund Types
For the Year Ended December 31, 2005

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts			
Local Taxes	\$23,090	\$12,471	\$35,561
Intergovernmental	92,096	163,630	255,726
Licenses, Permits and Fees	0	5,820	5,820
Earnings on Investments	279	67	346
Miscellaneous	6,796	2,200	8,996
Total Cash Receipts	<u>122,261</u>	<u>184,188</u>	<u>306,449</u>
Cash Disbursements			
Current:			
General Government	51,480	964	52,444
Public Safety	0	8,384	8,384
Public Works	0	69,095	69,095
Health	0	7,032	7,032
Capital Outlay	5,000	106,613	111,613
Debt Service:			
Redemption of Principal	8,786	8,786	17,572
Interest and Other Fiscal Charges	2,082	2,257	4,339
Total Cash Disbursements	<u>67,348</u>	<u>203,131</u>	<u>270,479</u>
Other Financing Sources/(Uses)			
Transfers In	0	15,000	15,000
Transfers Out	(15,000)	0	(15,000)
Total Other Financing Sources/(Uses)	<u>(15,000)</u>	<u>15,000</u>	<u>0</u>
Total Receipts Over/(Under) Disbursements	39,913	(3,943)	35,970
Fund Cash Balances, January 1, 2005	<u>5,152</u>	<u>45,028</u>	<u>50,180</u>
Fund Cash Balances/(Deficits), December 31, 2005	<u>\$45,065</u>	<u>\$41,085</u>	<u>\$86,150</u>
Reserve For Encumbrances	<u>\$0</u>	<u>\$1,185</u>	<u>\$1,185</u>

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

Bloomington Township, Ohio
Richland County
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash
Balances - All Governmental Fund Types
For the Year Ended December 31, 2004

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts			
Local Taxes	\$22,062	\$12,059	\$34,121
Intergovernmental	31,544	155,565	187,109
Licenses, Permits and Fees	0	6,425	6,425
Earnings on Investments	125	43	168
Miscellaneous	2,590	600	3,190
Total Cash Receipts	<u>56,321</u>	<u>174,692</u>	<u>231,013</u>
Cash Disbursements			
Current:			
General Government	48,666	1,225	49,891
Public Safety	0	27,289	27,289
Public Works	0	65,127	65,127
Health	0	3,765	3,765
Capital Outlay	0	43,231	43,231
Debt Service:			
Redemption of Principal	5,417	24,237	29,654
Interest and Other Fiscal Charges	1,936	5,833	7,769
Total Cash Disbursements	<u>56,019</u>	<u>170,707</u>	<u>226,726</u>
Total Receipts Over/(Under) Disbursements	302	3,985	4,287
Fund Cash Balances, January 1, 2004	<u>4,850</u>	<u>41,043</u>	<u>45,893</u>
Fund Cash Balances/(Deficits), December 31, 2004	<u>\$5,152</u>	<u>\$45,028</u>	<u>\$50,180</u>
Reserve For Encumbrances	<u>\$94</u>	<u>\$2,493</u>	<u>\$2,587</u>

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

Bloomington Township, Ohio
Richland County
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash
Balances - Non-Expendable Trust Funds
For the Years Ended December 31, 2005 and December 31, 2004

	<u>2005</u>	<u>2004</u>
Operating Cash Receipts		
Earnings on Investments	\$6	\$4
Fund Cash Balances, January 1,	<u>987</u>	<u>983</u>
Fund Cash Balances, December 31,	<u><u>\$993</u></u>	<u><u>\$987</u></u>

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

BLOOMINGGROVE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Bloomingsgrove Township, Richland County, Ohio (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 general governmental services, including road and bridge maintenance and cemetery maintenance to the residents of the Township.

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 paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (ie., when an encumbrance is approved).

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

C. Cash and Investments

The Township did not have any investments 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:

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.

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:

BLOOMINGGROVE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Gas Tax Fund – This fund is used to account for gasoline tax revenues received and used to pay for repair and maintenance of Township roads and equipment.

Motor Vehicle License Tax Fund – This fund is used to account for tax revenues received and used to pay for repair and maintenance of Township roads.

Permissive Sales Tax Fund – This fund is used to account for sales tax revenues received and used to pay for repair and maintenance of Township roads and equipment.

Fiduciary Fund (Trust and Agency Funds) – Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Non-Expendable Trust Fund. The Township has the following significant Non-Expendable Trust Funds:

Kirkwood Trust Fund – This fund is used to record interest income earned on donated monies. Interest may only be used to pay for maintenance and repairs at the Township’s cemetery.

Huston Trust Fund – This fund is used to record interest income earned on donated monies. Interest may only be used to pay for maintenance and repairs at the Township’s cemetery.

E. Budgetary Process

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

Appropriations - Budgetary expenditures (disbursements and encumbrances) may not exceed appropriations at the legal 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. Unencumbered appropriations lapse at year end.

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

Encumbrances - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

BLOOMINGGROVE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

A summary of 2005 and 2004 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.

G. Unpaid Vacation Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation leave. Unpaid vacation leave is not reflected as a liability under the Township's basis of accounting.

2. **EQUITY IN POOLED CASH**

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

	2005	2004
Demand deposits	\$87,143	\$51,167

Deposits – Deposits are insured by the Federal Depository Insurance Corporation.

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2005 and December 31, 2004 was as follows:

2005 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$92,188	\$122,261	\$30,073
Special Revenue	170,155	184,188	14,033
Fiduciary	6	4	(2)
Total	\$262,349	\$306,453	\$44,104

BLOOMINGGROVE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004

3. **BUDGETARY ACTIVITY** (continued)

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$97,093	\$82,348	\$14,745
Special Revenue	215,432	204,316	11,116
Fiduciary	996	0	996
Total	\$313,521	\$286,664	\$26,857

2004 Budget vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,593	\$56,321	(\$3,272)
Special Revenue	148,655	174,692	26,037
Fiduciary	11	6	(5)
Total	\$208,259	\$231,019	\$22,760

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$64,196	\$56,113	\$8,083
Special Revenue	189,948	173,200	16,748
Fiduciary	995	0	995
Total	\$255,139	\$229,313	\$25,826

BLOOMINGGROVE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004

4. **PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed to 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, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Key Bank	\$37,917	6.50%
Deere Credit, Inc.	18,152	4.33%
Total	<u>\$56,069</u>	

The \$65,000 Key Bank Note issued in 2003 was for construction of a new garage. Annual installments of \$15,903 are due through 2008, with \$7,952 due in 2009, bearing 6.5% interest.

The \$38,671 Deere Credit, Inc. Lease issued in 2003 was for the lease of a tractor. Annual installments of \$7,734 are due through 2007 with \$3,867 due in 2008, bearing 4.33% interest.

BLOOMINGGROVE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004

5. **DEBT** (continued)

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

Year Ending December 31,	Deere Credit, Inc.	Key Bank Note
2006	\$7,734	\$15,903
2007	7,734	15,903
2008	3,867	15,903
2009	0	7,952
Total	<u>\$19,335</u>	<u>\$55,661</u>

6. **RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2005 and 2004, OPERS members contributed 8.5% of their wages. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

7. **RISK MANAGEMENT**

The Township belongs to the Ohio Governmental Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

BLOOMINGGROVE TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004

7. **RISK MANAGEMENT** (continued)

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member. The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**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
Bloominggrove Township, Richland County
466 State Route 603 West
Shiloh, OH 44878

We have audited the financial statements of Bloominggrove Township, Richland County (the Township), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 10, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 to determine our auditing procedures in order to express our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (continued)

We noted certain matters that we reported to management of the Township in a separate letter dated July 10, 2006.

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.

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

July 10, 2006

BLOOMINGGROVE TOWNSHIP
RICHLAND COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND DECEMBER 31, 2004

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	<u>Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain</u>
2003-001	ORC Section 5705.41(D)	Yes	N/A



**Auditor of State
Betty Montgomery**

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BLOOMINGGROVE TOWNSHIP

RICHLAND 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
SEPTEMBER 26, 2006**