

**SOUTH BLOOMFIELD TOWNSHIP
MORROW COUNTY, OHIO**

Audited Financial Statements

For the Years Ended December 31, 2008 and 2007



Mary Taylor, CPA

Auditor of State

Board of Trustees
South Bloomfield Township
1575 Township Road 205
Marengo, Ohio 43334

We have reviewed the *Independent Accountant's Report* of South Bloomfield Township, Morrow County, prepared by Van Kreveld and Company, CPA's, for the audit period January 1, 2007 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.

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 Accountant'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 Accountant'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. South Bloomfield Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 2, 2009

This Page is Intentionally Left Blank.

South Bloomfield Township
Morrow County, Ohio

Table of Contents

<u>TITLE</u>	<u>PAGE</u>
Independent Accountant's Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances-All Governmental Fund Types For the Year Ended December 31, 2008.....	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances-All Governmental Fund Types For the Year Ended December 31, 2007.....	4
Notes to the Financial Statements.....	5
Independent Accountant's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	14



INDEPENDENT ACCOUNTANT'S REPORT

South Bloomfield Township
Morrow County, Ohio
1575 Township Road 205
Marengo, Ohio 43334

To the Board of Trustees:

We have audited the accompanying financial statements of South Bloomfield Township, Morrow County, Ohio, (the Township), as of and for the years ended December 31, 2008 and 2007. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' Government Auditing Standards. Those standards require that we plan and perform the audits to reasonably assure 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 our audits provide a reasonable basis for our opinion.

As described more fully 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 principles 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.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require, Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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.

P
U
C B
E L
R I
T C
I
F A
I C
E C
D O
U
N
T
A
N
T
S

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, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, 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 of South Bloomfield Township, Morrow County, Ohio as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 October 15, 2009, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audits.



Van Krevel & Company
Dublin, Ohio

October 15, 2009

South Bloomfield Township
Morrow County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2008

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 14,889	\$ 148,249	\$ 163,138
Licenses, Permits, and Fees	630		630
Intergovernmental Receipts	34,041	137,329	171,370
Earnings on Investments	63	196	259
Miscellaneous	19		19
Total Cash Receipts	<u>49,642</u>	<u>285,774</u>	<u>335,416</u>
Cash Disbursements:			
Current:			
General Government	35,695		35,695
Public Safety		75,144	75,144
Public Works		204,895	204,895
Health	5,172		5,172
Capital Outlay			-
Debt Service:			
Redemption of Principal		5,414	5,414
Interest and Other Fiscal Charges		88	88
Total Cash Disbursements	<u>40,867</u>	<u>285,541</u>	<u>326,408</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>8,775</u>	<u>233</u>	<u>9,008</u>
Fund Cash Balances, January 1	<u>44,268</u>	<u>130,997</u>	<u>175,265</u>
Fund Cash Balances, December 31	<u>\$ 53,043</u>	<u>\$ 131,230</u>	<u>\$ 184,273</u>

South Bloomfield Township
Morrow County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2007

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 14,440	\$ 144,484	\$ 158,924
Licenses, Permits, and Fees	1,906		1,906
Intergovernmental Receipts	51,918	121,421	173,339
Earnings on Investments	137	485	622
Miscellaneous	1,157		1,157
Total Cash Receipts	<u>69,558</u>	<u>266,390</u>	<u>335,948</u>
Cash Disbursements:			
Current:			
General Government	34,630		34,630
Public Safety		72,820	72,820
Public Works	18,000	175,799	193,799
Health	4,543		4,543
Capital Outlay			-
Debt Service:			
Redemption of Principal		5,414	5,414
Interest and Other Fiscal Charges		178	178
Total Cash Disbursements	<u>57,173</u>	<u>254,211</u>	<u>311,384</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>12,385</u>	<u>12,179</u>	<u>24,564</u>
Fund Cash Balances, January 1	<u>31,883</u>	<u>118,818</u>	<u>150,701</u>
Fund Cash Balances, December 31	<u>\$ 44,268</u>	<u>\$ 130,997</u>	<u>\$ 175,265</u>

South Bloomfield Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2008 and 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of South Bloomfield Township, Morrow County, (the Township) as a body corporate and politic. 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 fire protection. The Township contracts with the Central Ohio Joint Fire District to provide fire and emergency medical services.

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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned and recognizes disbursements 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 the Auditor of State prescribes or permits.

C Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

South Bloomfield Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2008 and 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Fund Accounting

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

1 General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2 Special Revenue Funds

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

Gasoline Tax Fund – This fund receives gasoline tax monies to pay for constructing, maintaining and repairing Township roads.

Fire District Fund – This fund receives property tax monies to pay for the fire contract with the Central Ohio Joint Fire District.

Road District Fund – This fund receives property tax monies to pay for constructing, maintaining and repairing Township roads.

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 or 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.

South Bloomfield Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E Budgetary Process (continued)

2 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.

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 reappropriated in the subsequent year.

A summary of the 2008 and 2007 budgetary activity appears in Note 3.

F Property, Plant and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

F Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

South Bloomfield Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 2 EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2008</u>	<u>2007</u>
Demand Deposits	<u>\$184,273</u>	<u>\$175,265</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution’s public entity deposit pool.

NOTE 3 BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2008, follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 29,095	\$ 49,642	\$ 20,547
Special Revenue	259,060	285,774	26,714
Totals	<u>\$ 288,155</u>	<u>\$ 335,416</u>	<u>\$ 47,261</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgeted Expenditures	Variance
General	\$ 73,364	\$ 40,867	\$ 32,497
Special Revenue	390,056	285,541	104,515
Totals	<u>\$ 463,420</u>	<u>\$ 326,408</u>	<u>\$ 137,012</u>

South Bloomfield Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 3 BUDGETARY ACTIVITY (continued)

Budgetary activity for the year ending December 31, 2007, follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 47,952	\$ 69,558	\$ 21,606
Special Revenue	259,850	266,390	6,540
Totals	\$ 307,802	\$ 335,948	\$ 28,146

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgeted Expenditures	Variance
General	\$ 79,835	\$ 57,173	\$ 22,662
Special Revenue	378,668	254,211	124,457
Totals	\$ 458,503	\$ 311,384	\$ 147,119

South Bloomfield Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 4 PROPERTY TAXES

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

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

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

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

NOTE 5 DEBT

Debt outstanding at December 31, 2008, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	<u>\$35,844</u>	0.0%

The Ohio Public Works Commission loan was issued to help finance the reconstruction of Township Road 198.

South Bloomfield Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 5 DEBT (continued)

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

Year Ending December 31,	Payment Amount
2009	\$ 3,414
2010	3,414
2011	3,414
2012	3,414
2013	3,414
2014-2018	17,068
2019	<u>1,706</u>
Total	<u>\$35,844</u>

NOTE 6 RETIREMENT SYSTEM

The Township's officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10.0% and 9.5%, respectively, of their gross salaries. The Township contributed an amount equal to 14.0% and 13.85% of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

South Bloomfield Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 7 RISK MANAGEMENT

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

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

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

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 coverage, except as modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 15% casualty and the 10% property portions which the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses.

Individual Members are only responsible for their self-retention (deductible) amounts which vary from Member to Member.

Plan Members are responsible for notifying the Plan of their intent to renew coverage by their renewal date. If a Member chooses not to renew with the Plan, they have no other financial obligation to the Plan but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former Member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

South Bloomfield Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 7 RISK MANAGEMENT (continued)

The Pool's audited financial statements conform with generally accepted accounting principles and report the following assets, liability and accumulated surplus at December 31, 2008 and 2007:

	2008	2007
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>(5,286,781)</u>	<u>(4,273,553)</u>
Accumulated Surplus	<u>\$5,184,333</u>	<u>\$6,862,902</u>

You can read the completed audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

NOTE 8 RELATED PARTY TRANSACTIONS

The Township contracts road work with a company that is partially owned by a relative of one of the Trustees. The road work was bid and awarded to the lowest qualified bidder. Amounts paid to the company in 2007 and 2008 were \$140,197 and \$143,737, respectively.

NOTE 9 SUBSEQUENT EVENT

In January, 2009 the Township held a public auction and sold the township hall and a 1993 dump truck. Proceeds from the sales totaled \$22,528.

**INDEPENDENT ACCOUNTANT’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

South Bloomfield Township
Morrow County, Ohio
1575 Township Road 205
Marengo, Ohio 43334-9715

To the Board of Trustees:

We have audited the financial statements of South Bloomfield Township, Morrow County, Ohio, (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated October 15, 2009, wherein we noted that the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States’ *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township’s internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not opine on the effectiveness of the Township’s internal control over financial reporting. Accordingly, we have not opined 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 first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township’s internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

P
U
B
L
I
C
I
T
I
C
A
N
T
A
N
T

South Bloomfield Township
Morrow County, Ohio
Independent Accountant's Report on Internal Control over
Financial Reporting and on Compliance with Other Matters
Required by *Government Auditing Standards*

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance that we must report under *Government Auditing Standards*

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. We intend it for no one other than these specified parties.



Van Krevel & Company
Dublin, Ohio

October 15, 2009



Mary Taylor, CPA
Auditor of State

SOUTH BLOOMFIELD TOWNSHIP

MORROW 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 15, 2009**