



Dave Yost • Auditor of State

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Bloom Township
Fairfield County
8490 Lithopolis Road NW
Carroll, Ohio 43112

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Township, Fairfield County, Ohio (the Township), as of and for the year ended December 31, 2010, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit 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. The Township processes its financial transactions with 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 audit 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 our audit provides a reasonable basis for our opinion.

As discussed 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, Fairfield County, Ohio, as of December 31, 2010, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Road and Bridge, Fire District, and Road District 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 May 5, 2011, 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 audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 5, 2011

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED**

This discussion and analysis of the Bloom Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2010, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Financial Highlights

Key highlights for 2010 are as follows:

- Net assets of governmental activities increased \$372,909 or 11 percent as compared to 2009. Contributing to the increase in net assets were the Road and Bridge Fund and the Reserve Fire Building Fund which increased by \$115,624 and \$500,000, respectively.
- The Fire District Fund decreased by \$330,956 or 25 percent from 2009. This fund was affected by \$500,000 transfer to the new Reserve Fire Building Fund.
- General receipts are primarily real estate taxes and state and local government funds. These receipts represent 94 percent 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 explanation and detail 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
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

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 Bloom Township as a Whole

The *Statement of Net Assets* and the *Statement of Activities* reflect how the Township did financially during 2010, within the limitations of cash basis 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 nonfinancial 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.

The *Statement of Net Assets* and the *Statement of Activities* present governmental activities, which includes all the Township's services. The Township had no business-type activities.

Governmental Activities represent most of the Township's basic services, including fire protection and road maintenance. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting Bloom 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 reported entirely in governmental funds.

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, Road and Bridge, Fire District, Road District, and Reserve Fire Building Fund. The programs reported in governmental funds are the same as those reported in governmental activities on the entity-wide statements.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

Bloom Township as a Whole

Table 1 provides a summary of Bloom Township's net assets for 2009 compared to 2008:

	Governmental Activities		
	2010	2009	Variance
Assets			
Cash and Cash Equivalents	\$3,705,541	\$3,332,632	\$372,909
Total Assets	<u>\$3,705,541</u>	<u>\$3,332,632</u>	<u>\$372,909</u>
Net Assets			
Restricted for:			
Other Purposes	\$2,204,369	\$2,497,844	(\$293,475)
Unrestricted	1,501,172	834,789	666,383
Total Net Assets	<u>\$3,705,541</u>	<u>\$3,332,633</u>	<u>\$372,908</u>

As mentioned previously, net assets of governmental activities increased \$372,909 or 11 percent during 2011. The primary reasons contributing to the increases in cash balances are as follows:

- Contributing to the increase in net assets were the Road and Bridge Fund and the Reserve Fire Building Fund which increased by \$115,624 and \$500,000, respectively.
- The Fire District Fund decreased by \$330,956 or 25 percent from 2009. This fund was affected by \$500,000 transfer to the new Reserve Fire Building Fund.

Table 2 shows the changes in net assets in 2010 compared to changes in net assets in 2009.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

**(Table 2)
Changes in Net Assets**

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>	<u>Change</u> <u>2010 to 2009</u>
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$107,389	\$75,074	\$32,315
Operating Grants and Contributions	131,239	154,461	(23,222)
Capital Grants and Contributions	0	20,905	(20,905)
Total Program Receipts	<u>238,628</u>	<u>250,440</u>	<u>(11,812)</u>
General Receipts:			
Property and Other Local Taxes	2,675,939	2,640,520	35,419
Grants and Entitlements Not Restricted to Specific Programs	556,994	629,544	(72,550)
Interest	7,688	9,870	(2,182)
Cable Franchise Fees	16,422	19,664	(3,242)
Sale of Fixed Assets	30,062	22,500	7,562
Miscellaneous	16,427	11,677	4,750
Total General Receipts	<u>3,303,532</u>	<u>3,333,775</u>	<u>(30,243)</u>
Total Receipts	<u>3,542,160</u>	<u>3,584,215</u>	<u>(42,055)</u>
Disbursements:			
General Government	224,895	242,859	(17,964)
Public Safety	1,891,144	2,200,161	(309,017)
Public Works	877,654	898,942	(21,288)
Public Health Services	42,813	44,409	(1,596)
Capital Outlay	132,745	133,782	(1,037)
Total Disbursements	<u>3,169,251</u>	<u>3,520,153</u>	<u>(350,902)</u>
Increase in Net Assets	372,909	64,062	308,847
Net Assets, January 1	<u>3,332,632</u>	<u>3,268,570</u>	<u>64,062</u>
Net Assets, December 31	<u>\$3,705,541</u>	<u>\$3,332,632</u>	<u>\$372,909</u>

Program receipts represent seven percent of total receipts and were decreased during 2010 due to discontinued funding by the Ohio Public Works Commission for road projects. The remaining program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees, and charges to Madison Township and Pickaway County for fire and emergency services provided under contracts.

General receipts represent 93 percent of the Township's total receipts, and of this amount, 81 percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (17 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustees, the Fiscal Officer, as well as Zoning Inspector, and insurance. Public Safety is the cost of fire protection; Public Works is the cost of maintaining the roads; Public Health Services is the Township's assessment for the cost of the County Health Department; and Capital Outlay is the costs of equipment and other improvements of the Township.

Governmental Activities

If you look at the *Statement of Activities* on page 12, 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. The major program disbursements for governmental activities are for Public Safety and Public Works which account for \$2,768,798 and 87 percent of all governmental disbursements. General Government and Capital Outlay also represent significant costs, approximately 11 percent of all governmental disbursements respectively. The next three 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 Receipt (Disbursement) 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**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General Government	\$224,895	(\$194,382)
Public Safety	1,891,144	(1,853,504)
Public Works	877,654	(718,871)
Public Health Services	42,813	(31,121)
Capital Outlay	132,745	(132,745)
Total Expenses	<u>\$3,169,251</u>	<u>(\$2,930,623)</u>

The dependence upon property tax receipts is apparent as 76 percent of governmental activities are supported through these general receipts.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

The Township's Funds

- Total governmental funds had receipts of \$3,512,098 and disbursements of \$3,169,251. The greatest change within governmental funds from 2009 to 2010 occurred within the Fire District Fund and the Reserve Fire Building Fund. The fund balance of the Fire District Fund decreased by \$330,956 mainly due to the transfer of \$500,000 the Reserve Fire Building Fund and the Reserve Fire Building Fund increased due to the transfer from the Fire District Fund.
- Fire District Fund receipts exceeded disbursements by \$298,252 because of the continued effect of the 2.75 mill levy needed to cover the planned construction of a new substation for the fire department, and to cover firefighter wage increases.

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 2010, the Township amended its General Fund budget by an insignificant amount. The difference between final budgeted receipts and actual receipts was \$31,975.

Actual disbursements were less than the final budgeted disbursements by \$198,775.

Final disbursements were budgeted at \$431,482 while actual disbursements were \$232,707. Although receipts exceeded expectations, appropriations were not increased due to cost-saving measures by the Trustees.

Capital Assets and Debt Administration

Capital Assets

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

Debt

The Township has no outstanding debt.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township.

The Fire Department, the Township's largest fund, has a five-year plan that is revised as needed. Due to less than anticipated population growth in the Township, the Fire Chief and Trustees decided to create reserve funds for the accumulation of funds for future fire truck, apparatus and building needs.

The voters of the Township approved replacing the 5-year 2.75 mill Fire District levy with a 2.5 mill continuous Fire District levy that became effective October 1, 2009. Collection of the levy has begun.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

Contacting the Government'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 David Cyphert, Fiscal Officer, Bloom Township, 8490 Lithopolis Road NW, Carroll, Ohio 43112.

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BLOOM TOWNSHIP
FAIRFIELD COUNTY

Statement of Net Assets - Cash Basis
December 31, 2010

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	<u>\$3,705,541</u>
<i>Total Assets</i>	<u><u>\$3,705,541</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$2,204,369
Unrestricted	<u>1,501,172</u>
<i>Total Net Assets</i>	<u><u>\$3,705,541</u></u>

See accompanying notes to the basic financial statements

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**Statement of Activities - Cash Basis
For the Year Ended December 31, 2010**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
General Government	\$224,895	\$30,513	\$0	(\$194,382)
Public Safety	1,891,144	37,640	0	(1,853,504)
Public Works	877,654	27,544	131,239	(718,871)
Public Health Services	42,813	11,692	0	(31,121)
Capital Outlay	132,745	0	0	(132,745)
<i>Total Governmental Activities</i>	<u>\$3,169,251</u>	<u>\$107,389</u>	<u>\$131,239</u>	<u>(2,930,623)</u>
		General Receipts		
		Property Taxes Levied for:		
		General Purposes	78,340	
		Fire Operations	1,851,259	
		Roads and Bridges	741,136	
		Other Taxes	5,204	
		Cable Franchise Fees	16,422	
		Grants and Entitlements not Restricted to Specific Programs	556,994	
		Sale of Capital Assets	30,062	
		Interest	7,688	
		Miscellaneous	16,427	
		<i>Total General Receipts</i>	<u>3,303,532</u>	
		Change in Net Assets		372,909
		<i>Net Assets Beginning of Year</i>		<u>3,332,632</u>
		<i>Net Assets End of Year</i>		<u>\$3,705,541</u>

See accompanying notes to the basic financial statements

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010**

	General	Road and Bridge Fund	Fire District Fund	Road District Fund	Reserve Fire Building Fund	Other Governmental Funds	Total
Assets							
Cash and Cash Equivalents	\$778,311	\$765,274	\$995,699	\$129,725	\$500,000	\$536,532	\$3,705,541
<i>Total Assets</i>	<u>\$778,311</u>	<u>\$765,274</u>	<u>\$995,699</u>	<u>\$129,725</u>	<u>\$500,000</u>	<u>\$536,532</u>	<u>\$3,705,541</u>
Fund Balances							
Unreserved, Designated:							
Designated for							
Special Revenue Funds	\$0	\$0	\$0	\$0	\$0	\$72,861	\$72,861
Capital Project Funds	0	0	0	0	500,000	150,000	650,000
Unreserved:							
Undesignated, Reported in:							
General Fund	778,310	0	0	0	0	0	778,310
Special Revenue Funds	0	765,273	995,700	129,726	0	313,671	2,204,370
<i>Total Fund Balances</i>	<u>\$778,310</u>	<u>\$765,273</u>	<u>\$995,700</u>	<u>\$129,726</u>	<u>\$500,000</u>	<u>\$536,532</u>	<u>\$3,705,541</u>

See accompanying notes to the basic financial statements

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010**

	General	Road and Bridge Fund	Fire District Fund	Road District Fund	Reserve Fire Building Fund	Other Governmental Funds	Total
Receipts							
Property and Other Local Taxes	\$83,544	\$313,094	\$1,851,259	\$428,041	\$0	\$27,544	\$2,703,482
Charges for Services	0	0	37,640	0	0	0	37,640
Licenses, Permits and Fees	17,569	0	0	0	0	41,059	58,628
Intergovernmental	137,997	52,111	297,710	69,676	0	129,950	687,444
Interest	7,688	0	0	0	0	1,289	8,977
Miscellaneous	2,292	3,703	9,932	0	0	0	15,927
Total Receipts	249,090	368,908	2,196,541	497,717	0	199,842	3,512,098
Disbursements							
Current:							
General Government	189,919	0	0	0	0	34,976	224,895
Public Safety	1,647	0	1,888,416	0	0	1,081	1,891,144
Public Works	0	260,527	0	518,874	0	98,253	877,654
Public Health Services	41,141	0	0	0	0	1,672	42,813
Capital Outlay	0	2,027	9,873	0	0	120,845	132,745
Total Disbursements	232,707	262,554	1,898,289	518,874	0	256,827	3,169,251
<i>Excess of Receipts Over / (Under)</i>							
<i>Disbursements</i>	16,383	106,354	298,252	(21,157)	0	(56,985)	342,847
Other Financing Sources (Uses)							
Sale of Capital Assets	0	9,270	20,792	0	0	0	30,062
Transfers In	0	0	0	0	500,000	150,000	650,000
Transfers Out	0	0	(650,000)	0	0	0	(650,000)
Total Other Financing Sources (Uses)	0	9,270	(629,208)	0	500,000	150,000	30,062
Net Change in Fund Balances	16,383	115,624	(330,956)	(21,157)	500,000	93,015	372,909
Fund Balances Beginning of Year	761,927	649,649	1,326,656	150,883	0	443,517	3,332,632
Fund Balances End of Year	\$778,310	\$765,273	\$995,700	\$129,726	\$500,000	\$536,532	\$3,705,541

See accompanying notes to the basic financial statements

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis - General Fund
For the Year Ended December 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$75,000	\$75,000	\$83,544	\$8,544
Licenses, Permits and Fees	10,500	10,500	17,568	7,068
Intergovernmental	121,365	121,365	137,997	16,632
Interest	10,000	10,000	7,688	(2,312)
Miscellaneous	250	250	2,293	2,043
<i>Total receipts</i>	217,115	217,115	249,090	31,975
Disbursements				
Current:				
General Government	349,800	348,300	189,919	158,381
Public Safety	1,000	3,182	1,647	1,535
Public Health Services	52,000	52,000	41,141	10,859
Capital Outlay	28,000	28,000	0	28,000
<i>Total Disbursements</i>	430,800	431,482	232,707	198,775
<i>Net Change in Fund Balance</i>	(213,685)	(214,367)	16,383	230,750
<i>Fund Balance Beginning of Year</i>	761,927	761,927	761,927	0
<i>Fund Balance End of Year</i>	\$548,242	\$547,560	\$778,310	\$230,750

See accompanying notes to the basic financial statements

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis - Road & Bridge Fund
For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$297,000	\$297,000	\$313,094	\$16,094
Intergovernmental	47,500	47,500	52,111	4,611
Miscellaneous	0	0	3,703	3,703
<i>Total receipts</i>	<u>344,500</u>	<u>344,500</u>	<u>368,908</u>	<u>24,408</u>
Disbursements				
Current:				
Public Works	541,753	543,253	260,527	282,726
Capital Outlay	6,000	4,500	2,027	2,473
<i>Total Disbursements</i>	<u>547,753</u>	<u>547,753</u>	<u>262,554</u>	<u>285,199</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>(203,253)</u>	<u>(203,253)</u>	<u>106,353</u>	<u>309,606</u>
Other Financing Sources				
Sale of Capital Assets	0	0	9,270	9,270
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>9,270</u>	<u>9,270</u>
<i>Net Change in Fund Balance</i>	(203,253)	(203,253)	115,624	318,877
<i>Fund Balance Beginning of Year</i>	<u>649,649</u>	<u>649,649</u>	<u>649,649</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	0	0	0	
<i>Fund Balance End of Year</i>	<u>\$446,396</u>	<u>\$446,396</u>	<u>\$765,273</u>	<u>\$318,877</u>

See accompanying notes to the basic financial statements

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis - Fire District Fund
For the Year Ended December 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$1,805,000	\$1,805,000	\$1,851,259	\$46,259
Charges for Services	21,200	21,200	37,640	16,440
Intergovernmental	296,500	296,500	297,710	1,210
Miscellaneous	0	0	9,932	9,932
<i>Total receipts</i>	<u>2,122,700</u>	<u>2,122,700</u>	<u>2,196,541</u>	<u>73,841</u>
Disbursements				
Current:				
Public Safety	2,068,426	2,093,426	1,888,416	205,009
Capital Outlay	35,000	10,000	9,873	127
<i>Total Disbursements</i>	<u>2,103,426</u>	<u>2,103,426</u>	<u>1,898,289</u>	<u>205,136</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>19,274</u>	<u>19,274</u>	<u>298,252</u>	<u>278,977</u>
Other Financing (Uses)				
Sale of Capital Assets	0	0	20,792	20,792
Transfers Out	0	(650,000)	(650,000)	0
<i>Total Other Financing (Uses)</i>	<u>0</u>	<u>(650,000)</u>	<u>(629,208)</u>	<u>20,792</u>
<i>Net Change in Fund Balance</i>	<u>19,274</u>	<u>(630,726)</u>	<u>(330,956)</u>	<u>299,769</u>
<i>Fund Balance Beginning of Year</i>	<u>1,326,656</u>	<u>1,326,656</u>	<u>1,326,656</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,345,930</u>	<u>\$695,930</u>	<u>\$995,700</u>	<u>\$299,769</u>

See accompanying notes to the basic financial statements

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis - Road District Fund
For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$408,800	\$408,800	\$428,041	\$19,241
Intergovernmental	65,800	65,800	69,676	3,876
<i>Total receipts</i>	<u>474,600</u>	<u>474,600</u>	<u>497,717</u>	<u>23,117</u>
Disbursements				
Current:				
Public Works	555,000	555,000	518,874	36,126
<i>Total Disbursements</i>	<u>555,000</u>	<u>555,000</u>	<u>518,874</u>	<u>36,126</u>
<i>Net Change in Fund Balance</i>	(80,400)	(80,400)	(21,157)	59,243
<i>Fund Balance Beginning of Year</i>	<u>150,883</u>	<u>150,883</u>	<u>150,883</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$70,483</u>	<u>\$70,483</u>	<u>\$129,726</u>	<u>\$59,243</u>

See accompanying notes to the basic financial statements

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Note 1 - Reporting Entity

Bloom Township, Fairfield County, Ohio (the Township), is a body politic and corporate established in 1803 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.

A. 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, fire protection and emergency medical services, maintenance of Township roads and bridges, and cemetery maintenance.

B. 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.

C. Jointly Governed Organization and Public Entity Risk Pool

The Township participates in a jointly governed organization and a public entity risk pool. Notes 6 and 11 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organization: Fairfield County Regional Planning Commission

Public Entity Risk Pool: Ohio Township Association Risk Management Authority

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2C, 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.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

A. 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 that provide a more detailed level of financial information.

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. All of the Township's activities are governmental.

The statement of net assets presents the cash balances 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, and 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. Non-major funds are aggregated and presented in a single column.

B. 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 put into one category, governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township reports the following major governmental funds:

General Fund. The General Fund 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
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Road and Bridge Fund. The Road and Bridge Fund accounts for revenues derived from real estate and personal property taxes for constructing, maintaining, and repairing Township roads and bridges.

Fire District Fund. The Fire District Fund accounts for revenues derived from real estate and personal property taxes for providing fire protection and emergency medical services to the Township.

Road District Fund. The Road District fund accounts for revenues derived from real estate and personal property taxes for the purpose of road equipment and supplies.

Reserve Fire Building Fund. The Reserve Fire Building Fund, established under ORC 5705.13, accounts for the accumulation of resources for the future construction of a new fire station.

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

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Township are described in the appropriate section in this note.

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 liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency 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 resolution 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.

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 certificated of estimated resources in effect at the time final appropriations were passed by the Township.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

The appropriations resolution 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.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Cash and Cash Equivalents”.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2009, the Township invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2010.

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 2010 were \$7,688.

F. Restricted Assets

Cash and cash equivalents are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township has no restricted assets.

G. 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.

H. 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.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

I. Accumulated Leave

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

J. 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.

K. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Lease payments are reported when paid. The Township has no long-term obligations.

L. 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. Net assets restricted for other purposes include resources restricted for specific purposes. 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.

M. Fund Balance Reserves and Designations

The Township reserves and designates any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Designated fund balance indicates the portion of fund balance which is set aside for the purpose of future payment of employees' retirement and future fire equipment and building acquisitions. Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods.

N. Interfund Transactions

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.

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 – Budgetary Basis presented for the General, Road and Bridge, Fire District, and Road District Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 3 – Budgetary Basis of Accounting (Continued)

The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no encumbrances outstanding at year-end.

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

1. United States Treasury bills, bonds, notes, 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty 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;
7. The State Treasurer's investment pool (STAR Ohio).

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**
(Continued)

Note 4 – Deposits and Investments (Continued)

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 year end, \$2,802,227 of the Township's bank balance of \$3,052,227 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

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.

Investments

As of December 31, 2010, the Township had the following investments:

		Carrying Value
	STAR Ohio	<u>\$710,500</u>
	Total Portfolio	<u>\$710,500</u>
<u>Investment Type</u>	<u>Carrying Value</u>	<u>Less than 1 Year Maturity</u>
STAR Ohio	\$710,500	\$710,500
Total Investments	\$710,500	\$710,500

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township has no policy for interest rate risk beyond the requirements of State statute.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**
(Continued)

Note 4 – Deposits and Investments (Continued)

The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Credit Risk: The Township places no limit on the amount that may be invested in any one issuer. 100% of the Township's investments are with STAR Ohio.

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 receipts received in 2010 for real and public utility property taxes represents collections of the 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) is for 2010 taxes.

2010 real property taxes are levied after October 1, 2010 on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes which became a lien on December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

2010 tangible property taxes are levied after October 1, 2009, on the value as of December 31, 2009. Collections are made in 2010. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2010 is 0. Payments 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 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2010, was \$18.05 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2010 property tax receipts were based are as follows:

Real Property	\$217,201,210
Public Utility Property	5,803,720
Tangible Personal Property	4,681,210
Total Assessed Values	<u>\$227,686,140</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**
(Continued)

Note 6 – 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.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2009 and 2008. (the latest information available)

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$40,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**
(Continued)

Note 6 – Risk Management (Continued)

<u>Contributions to OTARMA</u>	
<u>2010</u>	<u>2009</u>
\$37,191	\$37,559

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7– Defined Benefit Pension Plan

A. 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 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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to, but less than the traditional plan benefit. Member contributions, whose investment 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 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 that may be obtained 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 and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The Township's 2010 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31,

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**
(Continued)

Note 7– Defined Benefit Pension Plan (Continued)

2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$36,071, \$33,632, and \$34,869, respectively; 90 percent has been contributed for 2010, and 100 percent has been contributed for 2009 and 2008.

B. Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 17.25 percent of covered payroll for firefighters. The Township's contributions to OP&F for firefighters were \$258,900 for the year ended December 31, 2010, \$232,659 for the year ended December 31, 2009, and \$222,830 for the year ended December 31, 2008. The full amount has been contributed for 2009 and 2008. 71 percent has been contributed for 2010.

C. Social Security

Part-time firefighters, EMT, and paramedics contribute to Social Security (FICA). Contribution rates are approved by the United States Congress. Members contributed 6.2 percent of their gross wages to FICA and the Township matches that contribution in an amount equal to 6.2 percent. The Township has paid all contributions required through December 31, 2010

Note 8 – Postemployment Benefits

Plan Description - Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order 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.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 8 - Postemployment Benefits (Continued)

The Ohio Revised Code permits, but does not mandate, 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 the 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 administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS 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 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2010, 2009, and 2008 were \$1,526, \$2,354, and \$2,442 respectively; 90 percent has been contributed for 2008 and 100 percent has been contributed for 2009 and 2008.

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 on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**
(Continued)

Note 8 - Postemployment Benefits (Continued)

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 Trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the Section 115 Trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2010, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions to OP&F for the years ended December 31, 2010, 2009, and 2008 were \$17,476, \$15,704, and \$15,041, respectively. 70 percent has been contributed for 2010 and 100 percent has been contributed for 2009 and 2008.

Note 9 – Interfund Transfers

During 2010 the following transfers were made:

Transfers from the Fire District Fund to:	
Reserve Fire Apparatus Fund	\$150,000
Reserve Fire Building Fund	500,000
Total Transfers from the Fire District	<u>\$650,000</u>

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 9 – Interfund Transfers (Continued)

The transfer from the Fire District Fund to the Reserve Fire Apparatus Fund is for the reserve fund established under ORC 5705.13(C) for future purchase fire apparatus.

The transfer from the Fire District Fund to the Reserve Fire Building Fund is for the reserve fund established under ORC 5705.13(C) for future construction of a fire station.

Note 10 – Contingent Liabilities

The Township is defendant in a lawsuit involving a zoning dispute. Although management cannot presently determine the outcome of this suit, they anticipate that there will not be an unfavorable outcome. However, in the event of an unfavorable outcome, it is estimated that the potential exposure in this case will be between \$300,000 and \$400,000.

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 – Jointly Governed Organization

Fairfield Regional Planning Commission - The Township appoints a member of the zoning commission to represent the Township on the 47 member board of the Fairfield Regional Planning Commission. The Township pays a small membership fee annually based on the per capita of the Township. In 2010, the Township's membership amount was \$1,153. There is no ongoing financial responsibility by the Township.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Bloom Township
Fairfield County
8490 Lithopolis Road NW
Carroll, Ohio 43112

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Township, Fairfield County, Ohio, (the Township) as of and for the year ended December 31, 2010, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 5, 2011, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township processes its financial transactions with 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 audit 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 § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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



Dave Yost
Auditor of State

May 5, 2011



Dave Yost • Auditor of State

BLOOM TOWNSHIP

FAIRFIELD 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
MAY 31, 2011**