



Dave Yost • Auditor of State

BLOOM TOWNSHIP
FAIRFIELD COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Bloom Township
Fairfield County
8490 Lithopolis Road
Carroll, Ohio 43112

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Bloom Township, Fairfield County, Ohio (the Township) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Bloom Township, Fairfield County, Ohio, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during 2011 Bloom Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

As indicated in Note 1B, for the year ended 2011 the Township changed its financial statement presentation method to conform to presentation methods the Auditor of State prescribes or permits.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

April 25, 2013

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 85,159	\$ 2,924,215	\$ -	\$ 3,009,374
Charges for Services	-	62,737	-	62,737
Licenses, Permits and Fees	51,367	7,048	-	58,415
Intergovernmental	156,606	599,389	-	755,995
Earnings on Investments	5,981	357	-	6,338
Miscellaneous	-	781	-	781
<i>Total Cash Receipts</i>	<u>299,113</u>	<u>3,594,527</u>	<u>-</u>	<u>3,893,640</u>
Cash Disbursements				
Current:				
General Government	264,384	-	-	264,384
Public Safety	1,922	1,994,699	-	1,996,621
Public Works	-	816,650	-	816,650
Health	44,034	17,377	-	61,411
Capital Outlay	-	121,392	138,663	260,055
<i>Total Cash Disbursements</i>	<u>310,340</u>	<u>2,950,118</u>	<u>138,663</u>	<u>3,399,121</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(11,227)</u>	<u>644,409</u>	<u>(138,663)</u>	<u>494,519</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	5,000	100,000	105,000
Transfers Out	-	(105,000)	-	(105,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>(100,000)</u>	<u>100,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(11,227)</u>	<u>544,409</u>	<u>(38,663)</u>	<u>494,519</u>
<i>Fund Cash Balances, January 1</i>	<u>889,004</u>	<u>2,722,147</u>	<u>760,000</u>	<u>4,371,151</u>
Fund Cash Balances, December 31				
Restricted	-	3,183,497	721,337	3,904,834
Committed	-	83,059	-	83,059
Unassigned (Deficit)	877,777	-	-	877,777
<i>Fund Cash Balances, December 31</i>	<u>\$ 877,777</u>	<u>\$ 3,266,556</u>	<u>\$ 721,337</u>	<u>\$ 4,865,670</u>

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

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 83,434	\$ 2,840,701	\$ -	\$ 2,924,135
Charges for Services	-	65,051	-	65,051
Licenses, Permits and Fees	57,867	7,052	-	64,919
Intergovernmental	224,310	536,086	-	760,396
Earnings on Investments	7,969	464	-	8,433
Miscellaneous	3	-	-	3
<i>Total Cash Receipts</i>	<u>373,583</u>	<u>3,449,354</u>	<u>-</u>	<u>3,822,937</u>
Cash Disbursements				
Current:				
General Government	252,428	-	-	252,428
Public Safety	530	1,964,075	-	1,964,605
Public Works	-	822,413	-	822,413
Health	41,386	817	-	42,203
Other	31,400	31,391	-	62,791
Capital Outlay	-	12,887	-	12,887
<i>Total Cash Disbursements</i>	<u>325,744</u>	<u>2,831,583</u>	<u>-</u>	<u>3,157,327</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>47,839</u>	<u>617,771</u>	<u>-</u>	<u>665,610</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	5,000	110,000	115,000
Transfers Out	-	(115,000)	-	(115,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>(110,000)</u>	<u>110,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	47,839	507,771	110,000	665,610
<i>Fund Cash Balances, January, 1- Restated See Note 2</i>	<u>841,165</u>	<u>2,214,376</u>	<u>650,000</u>	<u>3,705,541</u>
Fund Cash Balances, December 31				
Restricted	-	2,644,088	760,000	3,404,088
Committed	-	78,059	-	78,059
Unassigned (Deficit)	889,004	-	-	889,004
<i>Fund Cash Balances, December 31</i>	<u>\$ 889,004</u>	<u>\$ 2,722,147</u>	<u>\$ 760,000</u>	<u>\$ 4,371,151</u>

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

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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 Bloom Township, Fairfield County, Ohio, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in one jointly governed organization and the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Notes 7 and 8 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

Fairfield Regional Planning Commission: The Township appoints a member of the Board to represent the Township on the 48 member board of the Fairfield Regional Planning Commission.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA): The Township participates in OTARMA, a governmental risk-sharing pool whose Members consist solely of Ohio Townships. OTARMA provides property and casualty coverage for its members.

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

B. Accounting Basis

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).

For the year ended 2011, the Township changed its financial presentation comparable to the requirements of Governmental Accounting Standards No.34 Basic Financial Statements and Management's Discussion and Analysis for state and local Governments to the accounting practices the Auditor of State prescribes or permits

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire District – 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.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

Fire Apparatus Fund – The Reserve Fire Apparatus Fund, established under ORC 5705.13, accounts for the accumulation of resources from transfers from the General Fund for the purchase of fire equipment.

E. Budgetary Process

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

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. 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.

2. Change in Accounting Principle and Restatement of Fund Balance

For fiscal year 2011, the Township reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had the following effect on fund balances previously reported:

	Fund Balance at December 31, 2010	GASB 54 Change in Fund Structure	Adjusted Fund Balance at December 31, 2010
General	\$778,311	\$62,854	\$841,165
Special Revenue	\$2,277,230	\$(62,854)	\$2,214,376

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

3. 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:

	2012	2011
Demand deposits	\$4,154,228	\$3,660,251
Total deposits	4,154,228	3,660,251
STAR Ohio		
Total investments	711,442	710,900
Total deposits and investments	\$4,865,670	\$4,371,151

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

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$217,449	\$299,113	\$81,664
Special Revenue	3,411,237	3,599,527	188,290
Capital Projects	0	100,000	100,000
Total	\$3,628,686	\$3,998,640	\$369,954

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$516,133	\$310,552	\$205,581
Special Revenue	4,324,318	3,055,118	1,269,200
Capital Projects	140,000	138,663	1,337
Total	\$4,980,451	\$3,504,333	\$1,476,118

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$331,333	\$373,583	\$42,250
Special Revenue	3,304,575	3,454,354	149,779
Capital Projects	0	110,000	110,000
Total	\$3,635,908	\$3,937,937	\$302,029

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

4. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$511,833	\$325,744	\$186,089
Special Revenue	3,834,914	2,946,583	888,331
Total	\$4,346,747	\$3,272,327	\$1,074,420

5. Property Tax

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 to the County by each April 30.

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

6. Retirement Systems

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages, respectively. For 2012 and 2011, OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2012.

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.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

7. Risk Management (Continued)

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, 2010, 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.

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, 2011 and 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Assets	\$35,086,165	\$35,855,252
Liabilities	<u>(9,718,792)</u>	<u>(10,664,724)</u>
Net Assets	<u>\$25,367,373</u>	<u>\$25,190,528</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$9.1 and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$30,000.

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
DECEMBER 31, 2012 AND 2011
(Continued)**

7. Risk Management (Continued)

<u>Contributions to OTARMA</u>	
<u>2011</u>	<u>2010</u>
\$44,388	\$37,191

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.

8. Jointly Governed Organizations

Fairfield Regional Planning Commission - The Township appoints a member of the zoning commission to represent the Township on the 48 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 2012, the Township's membership amount was \$1,757. There is no ongoing financial responsibility by the Township.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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
Carroll, Ohio 43112

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Bloom Township, Fairfield County, Ohio (the Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated April 25, 2013, wherein we noted for the year ended 2011, the Township changed its financial presentation comparable to the requirements of Governmental Accounting Standards No.34 Basic Financial Statements and Management's Discussion and Analysis for state and local Governments to the accounting practices the Auditor of State prescribes or permits. We also noted the Township adopted Governmental Accounting Standards Board Statement No. 54.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider finding 2012-01 described in the accompanying schedule of findings to be a material weakness.

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, opining 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*.

Entity's Response to Findings

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

April 25, 2013

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2012-01

Material Weakness

Financial Statement Presentation

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustment was made to the December 31, 2012 financial statements:

- To adjust \$26,849 in receipts and \$31,338 in disbursements from the Special Revenue - Zoning Fund to the General Fund due to implementation of Governmental Accounting Standards Board Statement No. 54.

The following audit adjustment was made to the December 31, 2011 financial statements:

- To adjust \$42,265 in receipts and \$37,493 in disbursements from the Special Revenue - Zoning Fund to the General Fund due to implementation of Governmental Accounting Standards Board Statement No. 54.

We recommend the Township analyze controls currently in place over financial reporting and determine the controls are functioning as intended and are adequate to reduce the risk of reporting incomplete or inaccurate financial information within the financial statements.

The Township's financial statements and accounting records have been adjusted to accurately reflect the audit adjustments.

Official Response:

Due to the recent implementation of Governmental Accounting Standards Board Statement No. 54, Bloom Township will now report all Zoning revenues and expenditures within the General Fund for end of year reporting.

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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 28, 2013**