

Bloom Township  
Scioto County  
Regular Audit  
For the Year Ended December 31, 2013



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# Dave Yost • Auditor of State

Board of Trustees  
Bloom Township  
P.O. Box 613  
661 Webster Street  
South Webster, Ohio 45682

We have reviewed the *Independent Auditor's Report* of Bloom Township, Scioto County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

## **Finding for Recovery- Fred Canter:**

Ohio Rev. Code § 505.60(A) states as provided in this section and section 505.601 of the Revised Code, the board of township trustees of any township may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. Ohio Rev. Code § 505.601 states if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium attributable to the coverage provided for that officer or employee for insurance benefits described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:

(A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium attributable to the coverage provided for them for insurance benefits described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.

Board of Trustees  
Bloom Township  
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(B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee.

(C) That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

Contrary to the Ohio Revised Code Sections above, Fred Canter was reimbursed \$2,671 for medical and hospital expenses. These costs were not for insurance premiums covering medical and hospitalization.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the Trustee Fred Canter and his bonding company, Western Surety, in the amount of \$2,671, and in favor of Bloom Township, Scioto County's General Fund in the amount of \$135 and the Gasoline Tax Fund in the amount of \$2,536.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Township Officers signed the warrants resulting in improper payments. Township Trustees Duane Hagen and Brian Fenton and Township Fiscal Officer Diana Stonerock, and their bonding company Western Surety are jointly and severally liable in the amount of \$2,671 and in favor of Bloom Township, Scioto County's General Fund in the amount of \$135 and the Gasoline Tax Fund in the amount of \$2,536.

After being notified of the finding for recovery, Resolution 15-2015 dated August 22, 2015 was passed by the Bloom Township Trustees. This resolution accepted monthly payments of \$50 from Fred Canter until repayment is made of the finding in the total amount of \$2,671.

**Finding for Recovery- Brian Fenton:**

Ohio Rev. Code § 505.60(A) states as provided in this section and section 505.601 of the Revised Code, the board of township trustees of any township may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. Ohio Rev. Code § 505.601 states if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium attributable to the coverage provided for that officer or employee for insurance benefits described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:

(A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium attributable to the coverage provided for them for insurance benefits described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.

(B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee.

(C) That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

Contrary to the Ohio Revised Code Sections above, Brian Fenton was reimbursed \$1,025 for medical and hospital expenses. These costs were not for insurance premiums covering medical and hospitalization.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the Trustee Brian Fenton and his bonding company, Western Surety, in the amount of \$1,025, and in favor of Bloom Township, Scioto County's General Fund in the amount of \$403 and the Gasoline Tax Fund in the amount of \$622.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att’y Gen. No. 80-074.

Township Officers signed the warrants resulting in improper payments (except check numbers 13681 and 13945 were not signed by Township Trustee Fred Canter). Township Trustees Duane Hagen and Brian Fenton and Township Fiscal Officer Diana Stonerock, and their bonding company Western Surety are jointly and severally liable in the amount of \$1,025, and in favor of Bloom Township, Scioto County’s General Fund in the amount of \$403 and the Gasoline Tax Fund in the amount of \$622. Township Trustee Fred Canter and his bonding company Western Surety are jointly and severally liable in the amount of \$943, and in favor of Bloom Township, Scioto County's General Fund in the amount of \$361 and the Gasoline Tax Fund in the amount of \$582

After being notified of the finding for recovery, Resolution 15-2015 dated August 22, 2015 was passed by the Bloom Township Trustees. This resolution accepted monthly payments of \$50 from Brian Fenton until repayment is made of the finding in the total amount of \$1,025.

**Finding for Recovery Repaid Under Audit- Stanley Stonerock:**

The Township issued Check # 13553 in the amount of \$393.30 and Check # 13632 in the amount of \$103.50 to Stanley Stonerock. There was no timesheet for these hours so the amount paid was not properly supported. In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Stanley Stonerock in the amount of \$496 and in favor of the Bloom Township, Scioto County's Motor Vehicle License Tax Fund in the amount of \$124 and Gasoline Tax Fund in the amount of \$372.

After being notified of the finding for recovery, Stanley Stonerock repaid Bloom Township on September 2, 2015 in the amount of \$496.

**Finding for Recovery - Diana Stonerock**

Ohio Rev. Code § 505.60(A) states as provided in this section and section 505.601 of the Revised Code, the board of township trustees of any township may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. Ohio Rev. Code § 505.601 states if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium attributable to the coverage provided for that officer or employee for insurance benefits obtains, if all of the following conditions are met:

- (A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium attributable to the coverage provided for them for insurance benefits described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.
- (B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee.
- (C) That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

Contrary to the Ohio Revised Code Sections above, Diana Stonerock was reimbursed \$3,218 for medical and hospital expenses. These costs were not for insurance premiums covering medical and hospitalization.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the Fiscal Officer Diana Stonerock and her bonding company, Western Surety, in the amount of \$3,218, and in favor of Bloom Township, Scioto County's General Fund

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att’y Gen. No. 80-074.

Township Officers signed the warrants resulting in improper payments. Township Trustee Duane Hagen and his bonding company Western Surety is jointly and severally liable for the checks signed by him in the amount of \$3,134 and in favor of Bloom Township, Scioto County's General Fund. Township Trustee Brian Fenton and his bonding company Western Surety is jointly and severally liable for the checks signed by him in the amount of \$3,218 and in favor of the Bloom Township, Scioto County's General Fund. Township Trustee Fred Canter and his bonding company Western Surety is jointly and severally liable for the checks signed by him in the amount of \$1,645 and in favor of Bloom Township, Scioto County's General Fund.

After being notified of the finding for recovery, Resolution 15-2015 dated August 22, 2015 was passed by the Bloom Township Trustees. This resolution accepted monthly payments of \$50 from Diana Stonerock until repayment is made of the finding in the total amount of \$3,218.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Bloom Township is responsible for compliance with these laws and regulations.



Dave Yost  
Auditor of State

October 19, 2015

***Bloom Township***  
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For the Year Ended December 31, 2013

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**Independent Auditor's Report**

Board of Trustees  
Bloom Township  
P.O. Box 613  
South Webster, Ohio 45682

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Township, Scioto County, Ohio (the Township), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatements, 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 opinions.

**Opinion**

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, Scioto County, Ohio, as of December 31, 2013, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge Special Revenue Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Bloom Township  
Scioto County  
Independent Auditor's Report

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinions regarding this matter.

**Other Matters**

*Supplemental and Other Information*

We audited to opine on the Township's financial statements that collectively comprise its basic financial statements.

Management's discussion and analysis includes tables of net position and changes in net position. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in the management's discussion and analysis, and we express no opinion or any other assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2015, 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.



Natalie Millhuff-Stang, CPA, CITP  
President/Owner  
Millhuff-Stang, CPA, Inc.

January 30, 2015

***Bloom Township***  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013  
Unaudited

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This discussion and analysis of Bloom Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2013, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2013 are as follows:

Net position of governmental activities increased \$7,236.

The Township's general receipts are primarily property taxes and unrestricted grants and entitlements. These receipts represent \$90,885 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 Position 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 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 explanations and details 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***  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013  
Unaudited

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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 the Township as a Whole**

The Statement of Net Position and the Statement of Activities reflect how the Township did financially during 2013, within the limitations of the cash basis of accounting. The Statement of Net Position 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 non-financial 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.

In the Statement of Net Position and the Statement of Activities, we divide the Township into two types of activities:

Governmental Activities – All of the Township's basic services are reported here, including general government services, maintenance of Township roads and bridges, and cemetery 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.

Business-type Activities – The Township has no business-type activities.

***Bloom Township***  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013  
Unaudited

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**Reporting the 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.

All of the Township's activities are reported in 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 Fund and the Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge Special Revenue Funds.

**The Township as a Whole**

Table 1 provides a summary of the Township's net position for 2013 compared to 2012 on a cash basis:

(Table 1)  
**Net Position**

	<u>Governmental Activities</u>		Increase/ (Decrease)
	2013	2012	
<b><i>Assets:</i></b>			
Equity in Pooled Cash and Cash Equivalents	\$233,880	\$226,644	\$7,236
<b><i>Net Position:</i></b>			
Restricted for Other Purposes	98,327	114,874	(16,547)
Unrestricted	135,553	111,770	23,783
<b><i>Total Net Position</i></b>	<b>\$233,880</b>	<b>\$226,644</b>	<b>\$7,236</b>

As mentioned previously, net position of governmental activities increased \$7,236 during 2013. The primary reason contributing to this increase was that the Township closely monitored General Fund disbursements and current year receipts exceeded current year disbursements. Restricted for Other Purposes decreased due to continuing road repair and maintenance disbursements exceeding receipts in the Gasoline Tax fund.

**Bloom Township**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013  
Unaudited

Table 2 reflects the changes in net position for 2013 and 2012.

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

	Governmental Activities 2013	Governmental Activities 2012	Increase/ (Decrease)
<b>Receipts:</b>			
Program Cash Receipts:			
Charges for Services	\$5,742	\$1,115	\$4,627
Operating Grants	110,022	119,188	(9,166)
<b>Total Program Receipts</b>	<b>115,764</b>	<b>120,303</b>	<b>(4,539)</b>
General Receipts:			
Property Taxes	66,910	65,118	1,792
Grants and Entitlements not Restricted to Specific Programs	17,845	25,072	(7,227)
Interest	250	343	(93)
Other	4,449	16,688	(12,239)
Proceeds from Sale of Capital Assets	1,431	0	1,431
<b>Total General Receipts</b>	<b>90,885</b>	<b>107,221</b>	<b>(16,336)</b>
<b>Total Receipts</b>	<b>206,649</b>	<b>227,524</b>	<b>(20,875)</b>
<b>Disbursements:</b>			
General Government	62,015	64,441	(2,426)
Public Works	89,232	133,666	(44,434)
Health	3,339	3,815	(476)
Capital Outlay	44,827	48,101	(3,274)
<b>Total Disbursements</b>	<b>199,413</b>	<b>250,023</b>	<b>(50,610)</b>
<b>Change in Net Position</b>	<b>7,236</b>	<b>(22,499)</b>	<b>29,735</b>
<b>Net Position at Beginning of Year</b>	<b>226,644</b>	<b>249,143</b>	<b>(22,499)</b>
<b>Net Position at End of Year</b>	<b>\$233,880</b>	<b>\$226,644</b>	<b>\$7,236</b>

Program receipts represent \$115,764 of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license monies and gas tax monies and charges for services such as cable franchise fees. These receipts decreased during the year primarily due to the Township receiving less monies from the State in the Motor Vehicle License, Gasoline Tax and Permissive Motor Vehicle License funds.

***Bloom Township***  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013  
Unaudited

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General receipts represent \$90,885 of the Township's total receipts, and of this total, \$66,910 is property taxes and \$17,845 is unrestricted grants and entitlements. Other receipts decreased due to the Township receiving an insurance reimbursement during 2012 and a decrease in cemetery revenues.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These activities include costs of the fiscal officer and a portion of the trustees, as well as internal services such as payroll and purchasing. General government represents \$62,015 of total disbursements of \$199,413, while public works disbursements represent \$89,232 of the total. Disbursements included within public works include primarily street maintenance and trustees' salaries. Capital outlay totals \$44,827 and represents disbursements for capital projects and equipment purchases.

**The Township's Funds**

Total governmental funds had receipt and other financing receipts of \$206,649 and disbursements of \$199,413. The greatest change within governmental funds occurred in the Gasoline Tax Special Revenue Fund with a decrease of \$19,968. The decrease is due to the Township utilizing funds for road repair and maintenance projects. As a result of the Township's continued focus on becoming financially sound within all of its funds, more disbursements relating to salaries and operating supplies are being made from the Gasoline Tax Fund due to the amount of receipts it has.

The General Fund balance increased \$25,484 as a result of the Township closely monitoring disbursements.

The Motor Vehicle License Tax Special Revenue Fund balance increased \$1,353.

The Road and Bridge Special Revenue Fund balance decreased \$1,701.

**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 2013, there were no changes between the original budgeted and final budgeted receipts. Also for 2013, changes in receipt amounts reflected in the final budget and actual receipts of the Township existed as a result of the Township receiving more or less monies than anticipated and not adjusting its final budget for such increases or reductions in receipts.

There were no changes in disbursements from the original to the final budget for the year. The difference in actual disbursements compared to the final budget was \$4,895. The Township closely monitored disbursements during the year thus allowing them to keep actual disbursements below appropriations.

Actual General Fund receipts were greater than disbursements by \$25,484. This was the result of the Township closely monitoring disbursements.

***Bloom Township***  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013  
Unaudited

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**Capital Assets and Debt Administration**

Capital Assets

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

Debt

The Township does not currently have any outstanding debt obligations.

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township, less exempt debt, shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2013, were an overall debt margin of \$3,189,347 and an unvoted debt margin of \$1,670,610.

**Contacting the Township'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 Diana Stonerock, Fiscal Officer, Bloom Township, 661 Webster St., South Webster, OH 45682.

***Bloom Township***  
Statement of Net Position - Cash Basis  
December 31, 2013

	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$233,880</u></u>
<b><u>Net Position:</u></b>	
Restricted for Other Purposes	98,327
Unrestricted	<u>135,553</u>
<i>Total Net Position</i>	<u><u>\$233,880</u></u>

See Accompanying Notes to the Basic Financial Statements

**Bloom Township**  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2013

	Program Cash Receipts			Net Receipts
	Cash Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	(Disbursements) and Changes in Net Position
<b><u>Governmental Activities:</u></b>				
General Government	\$62,015	\$5,742	\$0	(\$56,273)
Public Works	89,232	0	109,122	19,890
Health	3,339	0	900	(2,439)
Capital Outlay	44,827	0	0	(44,827)
<i>Total Governmental Activities</i>	\$199,413	\$5,742	\$110,022	(83,649)
<b><u>General Receipts:</u></b>				
Property Taxes				66,910
Grants and Entitlements not Restricted to Specific Programs				17,845
Interest				250
Other				4,449
Proceeds from Sale of Capital Assets				1,431
<i>Total General Receipts</i>				90,885
<i>Change in Net Position</i>				7,236
<i>Net Position at Beginning of Year</i>				226,644
<i>Net Position at End of Year</i>				\$233,880

See Accompanying Notes to the Basic Financial Statements

***Bloom Township***  
Statement of Assets and Fund Balances - Cash Basis  
Governmental Funds  
December 31, 2013

	General	Motor Vehicle License Tax	Gasoline Tax
<b><i>Assets:</i></b>			
Equity in Pooled Cash and Cash Equivalents	\$110,980	\$3,406	\$59,003
<b><i>Fund Balances:</i></b>			
Restricted	\$0	\$3,406	\$59,003
Committed	0	0	0
Unassigned	110,980	0	0
<i>Total Fund Balances</i>	\$110,980	\$3,406	\$59,003

See Accompanying Notes to the Basic Financial Statements

Road and Bridge	Nonmajor Governmental Funds	Total Governmental Funds
<u>\$24,573</u>	<u>\$35,918</u>	<u>\$233,880</u>
\$0	\$35,918	\$98,327
24,573	0	24,573
<u>0</u>	<u>0</u>	<u>110,980</u>
<u>\$24,573</u>	<u>\$35,918</u>	<u>\$233,880</u>

**Bloom Township**  
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis  
Governmental Funds  
For the Year Ended December 31, 2013

	General	Motor Vehicle License Tax	Gasoline Tax
<b><u>Receipts:</u></b>			
Property Taxes	\$63,406	\$0	\$0
Licenses, Permits and Fees	5,742	0	0
Intergovernmental	17,442	10,164	82,696
Gifts and Donations	0	0	0
Interest	160	7	71
Other	749	0	2,500
<i>Total Receipts</i>	<u>87,499</u>	<u>10,171</u>	<u>85,267</u>
<b><u>Disbursements:</u></b>			
Current:			
General Government	62,015	0	0
Public Works	0	10,249	75,408
Health	0	0	0
Capital Outlay	0	0	29,827
<i>Total Disbursements</i>	<u>62,015</u>	<u>10,249</u>	<u>105,235</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	25,484	(78)	(19,968)
<b><u>Other Financing Receipts:</u></b>			
Proceeds from Sale of Capital Assets	0	1,431	0
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>1,431</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	25,484	1,353	(19,968)
<i>Fund Balances at Beginning of Year</i>	<u>85,496</u>	<u>2,053</u>	<u>78,971</u>
<i>Fund Balances at End of Year</i>	<u><u>\$110,980</u></u>	<u><u>\$3,406</u></u>	<u><u>\$59,003</u></u>

See Accompanying Notes to the Basic Financial Statements

Road and Bridge	Nonmajor Governmental Funds	Total Governmental Funds
\$3,504	\$0	\$66,910
0	0	5,742
592	16,073	126,967
0	900	900
0	12	250
0	1,200	4,449
<u>4,096</u>	<u>18,185</u>	<u>205,218</u>
0	0	62,015
1,797	1,778	89,232
0	3,339	3,339
4,000	11,000	44,827
<u>5,797</u>	<u>16,117</u>	<u>199,413</u>
(1,701)	2,068	5,805
<u>0</u>	<u>0</u>	<u>1,431</u>
<u>0</u>	<u>0</u>	<u>1,431</u>
(1,701)	2,068	7,236
<u>26,274</u>	<u>33,850</u>	<u>226,644</u>
<u><u>\$24,573</u></u>	<u><u>\$35,918</u></u>	<u><u>\$233,880</u></u>

***Bloom Township***  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<b><u>Receipts:</u></b>				
Property Taxes	\$65,000	\$65,000	\$63,406	(\$1,594)
Licenses, Permits and Fees	0	0	5,742	5,742
Intergovernmental	3,380	3,380	17,442	14,062
Interest	50	50	160	110
Other	187	187	749	562
<i>Total Receipts</i>	68,617	68,617	87,499	18,882
<b><u>Disbursements:</u></b>				
Current:				
General Government	66,910	66,910	62,015	4,895
<i>Net Change in Fund Balance</i>	1,707	1,707	25,484	23,777
<i>Fund Balance at Beginning of Year</i>	85,496	85,496	85,496	0
<i>Fund Balance at End of Year</i>	<u>\$87,203</u>	<u>\$87,203</u>	<u>\$110,980</u>	<u>\$23,777</u>

See Accompanying Notes to the Basic Financial Statements

***Bloom Township***  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Motor Vehicle License Tax Fund  
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<b><u>Receipts:</u></b>				
Intergovernmental	\$11,500	\$11,500	\$10,164	(\$1,336)
Interest	50	50	7	(43)
<i>Total Receipts</i>	11,550	11,550	10,171	(1,379)
<b><u>Disbursements:</u></b>				
Current:				
Public Works	10,249	10,249	10,249	0
Excess of Receipts Over (Under) Disbursements	1,301	1,301	(78)	(1,379)
<b><u>Other Financing Receipts:</u></b>				
Sale of Capital Assets	0	0	1,431	1,431
Total Other Financing Receipts	0	0	1,431	1,431
<i>Net Change in Fund Balance</i>	1,301	1,301	1,353	52
<i>Fund Balance at Beginning of Year</i>	2,053	2,053	2,053	0
<i>Fund Balance at End of Year</i>	<u>\$3,354</u>	<u>\$3,354</u>	<u>\$3,406</u>	<u>\$52</u>

See Accompanying Notes to the Basic Financial Statements

***Bloom Township***  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Gasoline Tax Fund  
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<b><i><u>Receipts:</u></i></b>				
Intergovernmental	\$80,000	\$80,000	\$82,696	\$2,696
Interest	100	100	71	(29)
Other	0	0	2,500	2,500
<i>Total Receipts</i>	<u>80,100</u>	<u>80,100</u>	<u>85,267</u>	<u>5,167</u>
<b><i><u>Disbursements:</u></i></b>				
Current:				
Public Works	76,215	76,215	75,408	807
Capital Outlay	30,000	30,000	29,827	173
<i>Total Disbursements</i>	<u>106,215</u>	<u>106,215</u>	<u>105,235</u>	<u>980</u>
<i>Net Change in Fund Balance</i>	(26,115)	(26,115)	(19,968)	6,147
<i>Fund Balance at Beginning of Year</i>	<u>78,971</u>	<u>78,971</u>	<u>78,971</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$52,856</u></u>	<u><u>\$52,856</u></u>	<u><u>\$59,003</u></u>	<u><u>\$6,147</u></u>

See Accompanying Notes to the Basic Financial Statements

***Bloom Township***  
Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Road and Bridge Fund  
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<b><i><u>Receipts:</u></i></b>				
Property Taxes	\$3,000	\$3,000	\$3,504	\$504
Intergovernmental	3,042	3,042	592	(2,450)
<i>Total Receipts</i>	<u>6,042</u>	<u>6,042</u>	<u>4,096</u>	<u>(1,946)</u>
<b><i><u>Disbursements:</u></i></b>				
Current:				
Public Works	1,591	1,880	1,797	83
Capital Outlay	4,000	4,000	4,000	0
<i>Total Disbursements</i>	<u>5,591</u>	<u>5,880</u>	<u>5,797</u>	<u>83</u>
<i>Net Change in Fund Balance</i>	451	162	(1,701)	(1,863)
<i>Fund Balance at Beginning of Year</i>	<u>26,274</u>	<u>26,274</u>	<u>26,274</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$26,725</u></u>	<u><u>\$26,436</u></u>	<u><u>\$24,573</u></u>	<u><u>(\$1,863)</u></u>

See Accompanying Notes to the Basic Financial Statements

***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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**Note 1 – Reporting Entity**

Bloom Township, Scioto County, Ohio (the “Township”), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township 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.

**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, maintenance of Township roads and bridges, and cemetery maintenance.

**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.

**Note 2 – Summary of Significant Accounting Policies**

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.

**Basis of Presentation**

The Township’s basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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*Government-wide Financial Statements*

The Statement of Net Position and the Statement of Activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements usually distinguish between those activities of the Township that are governmental and those that are considered business-type. The Township has no business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The Statement of Net Position presents the cash balance 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, 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. Nonmajor funds are aggregated and presented in a single column.

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. All funds of the Township are governmental funds.

*Governmental Funds*

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. Monies are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Township's major governmental funds:

General Fund – The General Fund is the operating fund of the Township and is used to account for and report 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***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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Motor Vehicle License Tax Fund – This fund accounts for and reports intergovernmental motor vehicle revenues restricted for road repairs and upkeep.

Gasoline Tax Fund – This fund is required by the Ohio Revised Code to account for and report State gasoline tax monies restricted for maintenance of streets within the Township.

Road & Bridge Fund – This fund is required by the Ohio Revised Code to account for and report property and other local taxes committed for maintenance of streets within the Township.

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

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. 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.

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

Budgetary Process

All 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 resolution, 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 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 resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years.

***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

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 2013 was \$160, of which \$84 was assigned from other Township funds.

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.

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.

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.

Long-Term Obligations

The Township’s cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Township’s policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available. The Township has restricted net position of \$98,327, none of which is restricted by enabling legislation.

Internal Activity

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. The Township had no interfund activity in 2013.

***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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Fund Balance

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

*Nonspendable*

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

*Restricted*

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution or external resource providers. Fund balance is reported as 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.

*Committed*

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Township Trustees. Those committed amounts cannot be used for any other purpose unless Township Trustees remove or change the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned*

Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Township Trustees or a Township official delegated that authority by Township resolution.

***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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*Unassigned*

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

**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 (Budget Basis) presented for the General Fund and the Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge major Special Revenue Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**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, 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;

***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed 30 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; and
7. The State Treasurer's investment pool (STAROhio).

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.

**Note 5 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes were levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

**Bloom Township**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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The full tax rate for all Township operations for the year ended December 31, 2013, was \$1.91 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2013 property tax receipts were based are as follows:

Real Property:	
Agricultural/Residential	\$21,611,790
Commercial/Industrial/Mineral	281,200
Public Utility Personal	<u>8,481,740</u>
Total Assessed Value	<u><u>\$30,374,730</u></u>

**Note 6 – Risk Management**

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

For 2013, the Township contracted with U.S. Specialty Insurance Co. for liability, property, inland marine, and automobile liability insurance coverage and paid its premium to Portsmouth Insurance Agency, an agent for U.S. Specialty Insurance Co.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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

**Note 7 – Defined Benefit Pension Plan**

**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 Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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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. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. For the year ended December 31, 2013, members in State and local divisions contributed 10 percent of covered payroll. For 2013, member and employer contribution rates were consistent across all three plans.

The Township's 2013 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1.0 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2.0 percent. Employer contribution rates are actuarially determined.

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011, were \$8,504, \$5,770, and \$6,762, respectively. The full amount has been contributed for 2013, 2012, and 2011. No contributions to the Member-Directed Plan were made during 2013.

**Note 8 – Post-employment Benefits**

**Ohio Public Employees Retirement System**

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. 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 visiting <https://www.opers.org/investments/cafr.shtml>, 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.

***Bloom Township***  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll. This is the maximum employer contribution rates permitted by the Ohio Revised Code.

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. For 2013, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 1.0 percent. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2.0 percent for both plans, as recommended by the OPERS Actuary.

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 post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$654, \$2,308, and \$2,705, respectively. The full amount has been contributed for 2013, 2012, and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

### **Note 9 – Contingent Liabilities**

#### **Litigation**

The Township is not party to any legal proceedings.

#### **Federal and State Grants**

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 10 - Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

**Bloom Township**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2013

Fund Balances	General	Motor Vehicle License Tax Fund	Gasonline Tax Fund	Road and Bridge Fund	Nonmajor Governmental Funds	Total
<u>Restricted for:</u>						
Public Works	\$0	\$3,406	\$59,003	\$0	\$14,834	\$77,243
Health	0	0	0	0	21,084	21,084
<i>Total Restricted</i>	0	3,406	59,003	0	35,918	98,327
<u>Committed to:</u>						
Public Works	0	0	0	24,573	0	24,573
<u>Unassigned</u>	110,980	0	0	0	0	110,980
<b>Total Fund Balances</b>	<b>\$110,980</b>	<b>\$3,406</b>	<b>\$59,003</b>	<b>\$24,573</b>	<b>\$35,918</b>	<b>\$233,880</b>

**Note 11 – Fiscal Emergency**

On August 9, 2005, the Ohio Auditor of State declared Bloom Township in fiscal emergency, as defined by Ohio Revised Code Section 118.03. The declaration resulted in the establishment of a financial planning and supervision commission. The Commission is comprised of a representative of the Office of Budget and Management, a representative of the Treasurer of State, the President of the Bloom Township Board of Trustees, the Scioto County Auditor, and three individuals appointed by the Governor who are residents of Scioto County and meet certain criteria. The Commission is responsible for approving a financial recovery plan that eliminates the fiscal emergency conditions, balances the budget and avoids future deficits.

In accordance with Ohio Revised Code Section 118.06, Bloom Township is required to submit to the Commission a financial recovery plan which outlines the measures to be taken to eliminate the fiscal emergency condition. The Commission approved the initial recovery plan on March 25, 2008.

**Note 12 – Compliance**

The Township did not properly encumber funds prior to commitment which is contrary to Ohio Revised Code Section 5705.41(D).

The Township reimbursed elected officials for medical and prescription costs that were not consistent with allowable costs per Ohio Revised Code Section 505.60(A).

**Note 13 – Related Parties**

The Township employed the Fiscal Officer's husband during 2013. He received \$500 for services provided to the Township.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Trustees  
Bloom Township  
P.O. Box 613  
South Webster, Ohio 45682

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Township, Scioto County, (the Township) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated January 30, 2015, wherein we noted the Township follows the cash basis of accounting, a basis of accounting other than generally accepted accounting principles.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2013-001, 2013-003, and 2013-004 to be material weaknesses.

Bloom Township  
Scioto County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2013-002 and 2013-003.

### **Township's Responses to Findings**

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Township's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Natalie Millhuff-Stang, CPA, CITP  
President/Owner  
Millhuff-Stang, CPA, Inc.

January 30, 2015

**Bloom Township**  
Schedule of Findings and Responses  
For the Year Ended December 31, 2013

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**Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS**

**FINDING NUMBER 2013-001**

**Material Weakness – Mileage and Meeting Reimbursements**

Internal controls are vital to help protect governments against erroneous charges, theft, and fraud. A significant internal control that should be a part of any control environment is the review and scrutiny of disbursements by the Trustees. Such procedures provide assurance that disbursements are authorized and for a proper public purpose. Such procedures include ensuring disbursements are properly substantiated by supporting documents and that charges on such documentation are reasonable in purpose and in amount. Mileage reimbursement requests that were presented for reimbursement did not contain documentation of support, nor did it document sufficiently detailed information such as specific dates of travel. Mileage for meetings did not contain any support that the meeting was held or where it was held. In addition, the mileage appeared to use estimated mileage amounts for each trip rather than actual mileage. Furthermore, in several instances, we noted that reimbursements were made for supplies with no attached supporting documentation. Lastly, mileage for trips appeared to be excessive, with mileage that could have been averted by phone calls, fax, internet or emails.

The Township should review the reimbursement requests carefully, ensuring that the trips were not made in excess, and that supporting documentation for reimbursements is sufficiently detailed and attached to substantiate reimbursements, when applicable.

***Client Response:***

Will review mileage items and supply items purchased by cash in future. We not have internet which should help with reporting to OPERS accurately and timely.

**FINDING NUMBER 2013-002**

**Noncompliance Citation – Prior Encumbrance of Funds**

Ohio Revised Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The statute provides the following exceptions to this basic requirement:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that she is completing her certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$3,000 for political subdivisions other than counties may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Several invoice dates preceded encumbrance dates. Failure to certify the availability of funds properly can result in overspending or unauthorized spending of funds. The Township should implement budgetary monitoring procedures to ensure that funds are properly and timely encumbered prior to commitment.

***Client Response:***

The client chose not to respond.

**FINDING NUMBER 2013-003**

**Noncompliance Citation/Material Weakness – Health Insurance Reimbursements**

Ohio Revised Code Section 505.60(A) states “As provided in this section and section 505.601 of the Revised Code, the board of township trustees of any township may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. The board of township trustees of any township may negotiate and contract for the purchase of a policy of long-term care insurance for township officers and employees pursuant to section 124.841 of the Revised Code.”

In addition, the Township’s policy for health insurance states, “The Bloom Township trustees and fiscal officer will be eligible for personal insurance policy reimbursement of maximum \$1,000 per month. Each must present invoice and copy of payment for reimbursement.”

The Township reimbursed the fiscal officer and trustees for non-premium medical and prescription expenses for themselves and their spouses. The Township should review the Ohio Revised Code requirements for reimbursement of health care premiums and should implement procedures to ensure only eligible costs are submitted prior to issuing reimbursements.

***Client Response:***

Township reimbursed for these medical/hospitalization items in prior years; over 12 years ago per long term trustee. We didn’t realize only insurance premium was allowed for reimbursement. We will repay if required. Two trustees and fiscal officer would have insurance premiums that were deducted from other payroll; will see if we can go back and verify, or if too late for this to be reimbursed for 2012-2013. Now we are aware that these are taxable income effective 2014 per IRS guidelines.

**FINDING NUMBER 2013-004**

**Material Weakness – Budgetary Information Within UAN**

Accurate budgetary information within the Township’s accounting system is pertinent to ensure that the Township has accurate and complete information for decision-making processes. Amendments to the budget should be properly documented in the minute record to provide assurance that changes to estimated resources and appropriations are authorized by the governing board. Amendments were authorized by the Trustees in 2013 that were not recorded within the accounting system. As a result, information within the accounting records was inaccurate and incomplete. As such, management of the Township could rely on such misinformation for decision-making. We recommend that the Township implement the appropriate procedures to ensure that all authorized budgetary amendments are properly and timely recorded within the accounting system.

***Client Response:***

Usually do within line item per fund supplement appropriation per Board approval; Fund balance stays since we do not need to report to County on these items. Now appropriations require both local Board and County Auditor approval.

**Bloom Township**  
 Schedule of Prior Audit Findings  
 For the Year Ended December 31, 2013

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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Material Weakness – Mileage and Meeting Reimbursements	No	Reissued as Finding 2013-001
2012-002	Noncompliance Citation – ORC 5705.41(D) – Prior Encumbrance of Funds	No	Reissued as Finding 2013-002
2012-003	Noncompliance Citation – ORC 5705.60(A) – Health Insurance Reimbursements	No	Reissued as Finding 2013-003



# Dave Yost • Auditor of State

**BLOOM TOWNSHIP**

**SCIOTO COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 5, 2015**