



Dave Yost • Auditor of State



**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Bloomfield Township  
Jackson County  
3235 State Route 327  
Jackson, Ohio 45640

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Bloomfield Township, Jackson County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013.

### ***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 Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; 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 § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

***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 Bloomfield Township, Jackson County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 26, 2015

**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$42,773	\$80,456	\$0	\$123,229
Licenses, Permits and Fees	38	0	0	38
Intergovernmental	120,074	104,397	96,155	320,626
Earnings on Investments	54	108	0	162
Miscellaneous	854	1,000	0	1,854
<i>Total Cash Receipts</i>	<u>163,793</u>	<u>185,961</u>	<u>96,155</u>	<u>445,909</u>
<b>Cash Disbursements</b>				
Current:				
General Government	121,345	0	0	121,345
Public Safety	0	46,915	0	46,915
Public Works	0	56,819	0	56,819
Health	5,582	0	0	5,582
Capital Outlay	0	0	60,747	60,747
<i>Total Cash Disbursements</i>	<u>126,927</u>	<u>103,734</u>	<u>60,747</u>	<u>291,408</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>36,866</u>	<u>82,227</u>	<u>35,408</u>	<u>154,501</u>
<i>Net Change in Fund Cash Balances</i>	36,866	82,227	35,408	154,501
<i>Fund Cash Balances, January 1</i>	<u>74,784</u>	<u>86,429</u>	<u>88,589</u>	<u>249,802</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	128,694	123,997	252,691
Committed	0	39,962	0	39,962
Assigned	111,450	0	0	111,450
Unassigned (Deficit)	200	0	0	200
<i>Fund Cash Balances, December 31</i>	<u>\$111,650</u>	<u>\$168,656</u>	<u>\$123,997</u>	<u>\$404,303</u>

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

**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$19,851	\$36,268	\$0	\$56,119
Licenses, Permits and Fees	38	0	0	38
Intergovernmental	149,915	105,402	90,721	346,038
Earnings on Investments	38	76	0	114
Miscellaneous	832	767	0	1,599
<i>Total Cash Receipts</i>	<u>170,674</u>	<u>142,513</u>	<u>90,721</u>	<u>403,908</u>
<b>Cash Disbursements</b>				
Current:				
General Government	102,901	0	0	102,901
Public Safety	0	35,699	0	35,699
Public Works	0	81,022	0	81,022
Health	5,031	0	0	5,031
Capital Outlay	0	0	67,651	67,651
Debt Service:				
Principal Retirement	0	0	13,059	13,059
Interest and Fiscal Charges	0	0	551	551
<i>Total Cash Disbursements</i>	<u>107,932</u>	<u>116,721</u>	<u>81,261</u>	<u>305,914</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>62,742</u>	<u>25,792</u>	<u>9,460</u>	<u>97,994</u>
<i>Net Change in Fund Cash Balances</i>	62,742	25,792	9,460	97,994
<i>Fund Cash Balances, January 1 (Restated - See Note 7)</i>	<u>12,042</u>	<u>60,637</u>	<u>79,129</u>	<u>151,808</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	68,114	88,589	156,703
Committed	0	26,417	0	26,417
Assigned	73,645	0	0	73,645
Unassigned (Deficit)	1,139	(8,102)	0	(6,963)
<i>Fund Cash Balances, December 31</i>	<u>\$74,784</u>	<u>\$86,429</u>	<u>\$88,589</u>	<u>\$249,802</u>

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

**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**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 Bloomfield Township, Jackson County (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, and fire protection services. The Township contracts with the Bloomfield Township Volunteer Fire Department to provide fire services.

The Township participates in Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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 permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

**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.

**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:

**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Gasoline Tax Fund - This fund receives gasoline tax money for constructing, maintaining, and repairing Township roads.

Fire District Fund - This fund receives property tax proceeds for fire protection in 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:

Sales Tax Fund - This fund receives a portion of the monies collected for sales tax from the County Auditor for permanent improvement and repayment of debt relating to capital expenditures.

**E. Budgetary Process**

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

**1. Appropriations**

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

**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 approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did use the encumbrance method of accounting.

A summary of 2014 and 2013 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:

**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

**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.

**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.

**2. Equity in Pooled Deposits**

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

	<u>2014</u>	<u>2013</u>
Demand deposits	\$404,303	\$249,802

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Township.

**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,314	\$163,793	\$112,479
Special Revenue	171,675	185,961	14,286
Capital Projects	90,721	96,155	5,434
Total	\$313,710	\$445,909	\$132,199

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$154,364	\$126,927	\$27,437
Special Revenue	227,500	103,734	123,766
Capital Projects	180,631	60,747	119,884
Total	\$562,495	\$291,408	\$271,087

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,118	\$170,674	\$121,556
Special Revenue	157,796	142,513	(15,283)
Capital Projects	89,377	90,721	1,344
Total	\$296,291	\$403,908	\$107,617

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$60,067	\$107,932	(\$47,865)
Special Revenue	216,530	116,721	99,809
Capital Projects	169,826	81,261	88,565
Total	\$446,423	\$305,914	\$140,509

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire Fund by \$3,915 for the year ended December 31, 2014 and in the General Fund by \$47,865 for the year ended December 31, 2013.

**4. 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.

**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**4. Property Tax (Continued)**

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.

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

**5. Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

**6. Risk Management**

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 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.

**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. Risk Management (Continued)**

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, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	\$8,486,363	\$8,912,432
Net Position	<u>\$26,467,923</u>	<u>\$27,057,831</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

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.

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2014</u>
\$4,690	\$4,714

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.

**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**7. Restatement of Prior Year Balances**

The Township has a restatement for Beginning Fund Balances as follows:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Reported Fund Balance at December 31, 2012	\$12,041	\$58,946	\$80,448	\$151,435
Prior year errors	<u>1</u>	<u>1,691</u>	<u>(1,319)</u>	<u>373</u>
Restated Fund Balance at January 1, 2013	<u>\$12,042</u>	<u>\$60,637</u>	<u>\$79,129</u>	<u>\$151,808</u>

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# 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

Bloomfield Township  
Jackson County  
3235 State Route 327  
Jackson, Ohio 45640

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 Bloomfield Township, Jackson County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated October 26, 2015 wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

### ***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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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. 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 findings 2014-001, 2014-002, and 2014-005 described in the accompanying Schedule of Findings to be material weaknesses.

### ***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.

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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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2014-001 through 2014-004.

***Entity's Response to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

***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  
Columbus, Ohio

October 26, 2015

**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2014-001**

**Noncompliance and Material Weakness**

Ohio Admin. Code § 117-2-02 provides that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code. All local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

- (1) Cash journal, which typically contains the following information: The amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
- (2) Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.
- (3) Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.

The Fiscal Officer did not maintain an appropriation ledger or a receipts ledger during the audit period. These two records aid in monitoring financial information including budget versus actual receipts and expenditures.

The Fiscal Officer should maintain an appropriation ledger and a receipts ledger to aid in monitoring financial information and to help ensure budgetary compliance.

**Officials' Response:** The fiscal officer has started a receipts ledger and appropriation ledger for 2015.

**FINDING NUMBER 2014-002**

**Noncompliance and Material Weakness**

Ohio Rev. Code § 505.24(C) states, in part, by unanimous vote, a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed.

**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2014-002**

**Noncompliance and Material Weakness – Ohio Rev. Code § 505.24(C) (Continued)**

For the entire audit period of 2013 and 2014, the Trustees were paid 100% from the Gasoline Tax Fund and they did not complete time and effort documentation or certifications as required under Ohio Rev. Code § 505.24(C) and addressed in Auditor of State Bulletins 2013-002 and 2011-007. When the Trustees failed to certify time or provide time and effort documentation, the Trustees did not follow the requirements of Ohio Rev. Code § 505.24(C). During 2013, the Trustees' salaries and fringe benefits were paid from the Gasoline Tax fund in the amount of \$29,405. During 2014, the Trustees' salaries and fringe benefits were paid from the Gasoline Tax Fund in the amount of \$31,185.

The Fiscal Officer posted these adjustments to the Township records and they are reflected in the accompanying financial statements.

The Fiscal Officer should review Auditor of State Bulletins 2013-002 and 2011-007 regarding legislative changes governing township fiscal officer and trustee compensation and what is required of township trustees and fiscal officers under the law. Each Township Trustee and Fiscal Officer should complete the required certification when compensated from funds other than the General Fund. Furthermore, the allocation to the General Fund should be a reasonable and rational percentage.

**Officials' Response:** The Trustees and Fiscal Officer will discuss this issue with the auditor and have this procedure explained to them and will begin taking them from the proper funds.

**FINDING NUMBER 2014-003**

**Noncompliance**

Ohio Rev. Code § 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated as provided in Chapter 5705 of the Ohio Revised Code.

At December 31, 2014, expenditures exceeded appropriations in the following funds:

	Appropriations	Expenditures	Variance
Fire Fund	\$43,000	\$46,915	(\$3,915)

At December 31, 2013, expenditures exceeded appropriations in the following funds:

	Appropriations	Expenditures	Variance
General Fund	\$60,067	\$107,932	(\$47,865)

The practice of allowing expenditures to exceed appropriations could result in negative fund balances for the Township.

The Fiscal Officer should compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Board of Trustees should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations, or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2014-003 (Continued)**

**Noncompliance – Ohio Rev. Code § 5705.41(B) (Continued)**

**Officials' Response:** The Fiscal Officer will watch appropriations more closely.

**FINDING NUMBER 2014-004**

**Noncompliance**

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

"Then and Now" certificate – If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that 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 Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by resolution.

Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution 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 Township.

Blanket Certificate – Fiscal Officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 100 percent of the expenditures tested in 2013 and 100 percent tested in 2014, and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-004 (Continued)**

**Noncompliance – Ohio Rev. Code § 5705.41(D)(1) (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

Township officials and employees should obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certificate language of Ohio Rev. Code § 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs the commitment, and only when the requirements of Ohio Rev. Code § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Township officials and employees should obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certificate language of Ohio Rev. Code § 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs the commitment, and only when the requirements of Ohio Rev. Code § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

**Officials' Response:** The Fiscal Officer will use the purchase orders properly.

**FINDING NUMBER 2014-005**

**Material Weakness**

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

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustment or reclassification:

For the year ended December 31, 2013:

- General Fund beginning fund balance was increased by \$828 to agree to audited December 31, 2012 balance;
- General Fund general government payroll disbursements of \$29,405 were miss-posted as Gasoline Tax Fund public works disbursements;
- General Fund unassigned fund balance of \$73,645 was reclassified as assigned fund balance;
- Motor Vehicle License Fund unassigned fund balance of \$13,513 was reclassified as restricted fund balance;
- Gasoline Tax Fund unassigned fund balance of \$54,601 was reclassified as restricted fund balance;

**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-005 (Continued)**

**Material Weakness (Continued)**

- Road and Bridge Fund unassigned fund balance of \$26,417 was reclassified as committed fund balance;
- Fire Fund public safety disbursements of \$35,699 were miss-posted as public works disbursements;
- Fire Fund taxes receipts of \$7,432 were miss-posted as miscellaneous receipts;
- Motor Vehicle License Fund beginning fund balance was decreased by \$88 to agree to audited December 31, 2012 balance;
- Gasoline Tax Fund beginning fund balance was decreased by \$320 to agree to audited December 31, 2012 balance;
- Road & Bridge Fund beginning fund balance was increased by \$894 to agree to audited December 31, 2012 balance;
- Road & Bridge Fund miscellaneous receipts were increased by \$37 to agree to cashbook;
- Motor Vehicle License Fund public works disbursements were decreased by \$40 to agree to cashbook;
  
- Gasoline Tax Fund public works disbursements were decreased by \$460 to agree to cashbook;
- Sales Tax Fund unassigned fund balance of \$88,589 was reclassified as restricted fund balance;
- Sales Tax Fund intergovernmental receipts of \$90,721 were miss-posted as miscellaneous receipts;
- Sales Tax Fund debt principal disbursements of \$13,059 and debt interest disbursements of \$551 were miss-posted as capital outlay disbursements;
- Sales Tax Fund beginning fund balance was decreased by \$1,319 to agree to audited December 31, 2012 balance.

For the year ended December 31, 2014:

- General Fund general government payroll disbursements of \$31,185 were miss-posted as Gasoline Tax Fund public works disbursements;
- General Fund unassigned fund balance of \$111,450 was reclassified as assigned fund balance;
- General Fund general government disbursements were decreased by \$100 to agree to cashbook;
- Motor Vehicle License Fund unassigned fund balance of \$22,073 was reclassified as restricted fund balance;
- Gasoline Tax Fund unassigned fund balance of \$106,621 was reclassified as restricted fund balance;
- Road and Bridge Fund unassigned fund balance of \$39,962 was reclassified as committed fund balance;
- Gasoline Tax Fund beginning fund balance was decreased by \$460 to agree to the adjusted December 31, 2013 balance;
- Sales Tax Fund unassigned fund balance of \$123,997 was reclassified as restricted fund balance;
- Sales Tax fund intergovernmental receipts of \$96,155 were miss-posted as miscellaneous receipts.

The Township Fiscal Officer made errors in posting of revenues and disbursements that resulted in errors noted above. The audited financial statements and the Township's manual accounting system have been adjusted for the issues noted above.

**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2014-005 (Continued)**

**Material Weakness (Continued)**

The Fiscal Officer should refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's financial statements reflect the appropriate sources of the Township's receipts and expenditures. We further recommend the Board of Trustees adopt policies and procedures including a final review of the financial statements and notes by the Fiscal Officer and Board of Trustees.

**Officials' Response:** The Fiscal Officer will use the handbook for proper classification and will post receipts and expenditures more carefully.

**BLOOMFIELD TOWNSHIP  
JACKSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Ohio Admin. Code § 117-2-02 - Fiscal Officer did not maintain an appropriation or receipt ledger.	No	Not Corrected. Reissued as Finding 2014-001
2012-002	Ohio Rev. Code § 5705.41(D)(1) - Township did not properly certify availability of funds prior to purchase commitments.	No	Not Corrected. Reissued as Finding 2014-004

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# Dave Yost • Auditor of State

**BLOOMFIELD TOWNSHIP**

**JACKSON 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 17, 2015**