



Dave Yost • Auditor of State



**BLOOM TOWNSHIP  
SCIOTO COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014 .....	4
Notes to the Financial Statements .....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matter.....	11
Schedule of Findings .....	13
Schedule of Prior Audit Findings.....	19

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Bloom Township  
Scioto County  
PO Box 613  
South Webster, Ohio 45682

To the Board of Trustees:

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

We have selectively tested the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Bloom Township, Scioto County, (the Township) as of and for the years ended December 31, 2015 and 2014 following Ohio Administrative Section 117-4-02.

### ***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 Section 117.38 and Ohio Administrative Code Section 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***

There are reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we express no opinion on them.

### ***Emphasis of Matter***

As discussed in Note 7 to the financial statements, the Township is currently in a state of Fiscal Emergency. Due to this status, Ohio Auditor of State's Local Government Services Division has been monitoring the financial condition of the Township.

The report is intended solely for the information and use of management, the Board of Township Trustees, and other officials authorized to receive this report under Section 117.26, of the Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 21, 2017

**BLOOM TOWNSHIP  
SCIOTO COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$67,976	\$17,589	\$85,565
Intergovernmental	18,740	99,825	118,565
Earnings on Investments	493	177	670
Miscellaneous	750	7,550	8,300
<i>Total Cash Receipts</i>	<u>87,959</u>	<u>125,141</u>	<u>213,100</u>
<b>Cash Disbursements</b>			
Current:			
General Government	49,960		49,960
Public Works	4,557	117,435	121,992
Health	5,458	2,737	8,195
Capital Outlay	4,785		4,785
<i>Total Cash Disbursements</i>	<u>64,760</u>	<u>120,172</u>	<u>184,932</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>23,199</u>	<u>4,969</u>	<u>28,168</u>
<i>Fund Cash Balances, January 1</i>	<u>132,701</u>	<u>144,509</u>	<u>277,210</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		122,636	122,636
Committed		26,842	26,842
Assigned	11,690		11,690
Unassigned (Deficit)	144,210		144,210
<i>Fund Cash Balances, December 31</i>	<u>\$155,900</u>	<u>\$149,478</u>	<u>\$305,378</u>

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

**BLOOM TOWNSHIP  
SCIOTO COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$63,932	\$18,681	\$82,613
Intergovernmental	18,259	104,674	122,933
Earnings on Investments	313	139	452
Miscellaneous	134	8,900	9,034
	<hr/>	<hr/>	<hr/>
<i>Total Cash Receipts</i>	82,638	132,394	215,032
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements</b>			
Current:			
General Government	52,183		52,183
Public Works	8,409	107,130	115,539
Health	325	3,655	3,980
	<hr/>	<hr/>	<hr/>
<i>Total Cash Disbursements</i>	60,917	110,785	171,702
	<hr/>	<hr/>	<hr/>
<i>Net Change in Fund Cash Balances</i>	21,721	21,609	43,330
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, January 1</i>	110,980	122,900	233,880
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>			
Restricted		117,913	117,913
Committed		26,596	26,596
Assigned	4,797		4,797
Unassigned (Deficit)	127,904		127,904
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$132,701</u>	<u>\$144,509</u>	<u>\$277,210</u>

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

**BLOOM TOWNSHIP  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**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 the Bloom Township, Scioto County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, and cemetery maintenance.

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 Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits**

The Township's accounting basis includes cash as assets.

**D. Fund Accounting**

The Township uses fund accounting to segregate deposits 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 Fund:

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

**BLOOM TOWNSHIP  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The Township did not have any fund balances classified as nonspendable at December 31, 2015 or 2014.

**2. Restricted**

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

**3. Committed**

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

**BLOOM TOWNSHIP  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Assigned**

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

**5. Unassigned**

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

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

**G. Property, Plant, and Equipment**

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

**2. EQUITY IN POOLED DEPOSITS**

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

	<u>2015</u>	<u>2014</u>
Demand deposits	\$305,378	\$277,210

Deposits are insured by the Federal Deposit Insurance Corporation.

**BLOOM TOWNSHIP  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31 as follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$73,588	\$87,959	\$14,371
Special Revenue	112,537	125,141	12,604
Permanent	0	0	0
Total	\$186,125	\$213,100	\$26,975

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$78,385	\$64,760	\$13,625
Special Revenue	129,397	120,172	9,225
Permanent	0	0	0
Total	\$207,782	\$184,932	\$22,850

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$70,619	\$82,638	\$12,019
Special Revenue	112,912	132,394	19,482
Permanent	0	0	0
Total	\$183,531	\$215,032	\$31,501

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$81,385	\$60,917	\$20,468
Special Revenue	129,397	110,785	18,612
Permanent	0	0	0
Total	\$210,782	\$171,702	\$39,080

**BLOOM TOWNSHIP  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**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. 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.

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

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

**5. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% 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, 2015.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**BLOOM TOWNSHIP  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**7. 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.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Bloom Township  
Scioto County  
PO Box 613  
South Webster, Ohio 45682

To the Board of Trustees:

We have selectively tested the financial statements of the Bloom Township, Scioto County, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements following Ohio Admin. Code Section 117-4-02. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

### ***Internal Control Over Financial Reporting***

During our procedures related to the internal control over financial reporting we noted matters that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. In addition, these matters could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. These matters are described in the Schedule of Findings as items 2015-005 through 2015-007.

### ***Compliance and Other Matters***

We tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Township, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance or other matters that are reported in the accompanying Schedule of Findings as items 2015-001 through 2015-004.

### ***Township'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.

Bloom Township  
Scioto County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Page 2

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

Columbus, Ohio

February 21, 2017

**BLOOM TOWNSHIP  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

**FINDING NUMBER 2015-001**

**Finding for Recovery**

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, Fred Canter was reimbursed \$1,478 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 \$1,478, and in favor of Bloom Township, Scioto County's General Fund in the amount of \$74 and the Gasoline Tax Fund in the amount of \$1,404.

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.

**FINDING NUMBER 2015-001  
(Continued)**

Township Officers signed the warrants resulting in improper payments. Township Trustees Duane Hagen and Walter Maynard and Township Fiscal Officer Diana Stonerock, and their bonding company Western Surety are jointly and severally liable in the amount of \$1,478 and in favor of Bloom Township, Scioto County's General Fund in the amount of \$74 and the Gasoline Tax Fund in the amount of \$1,404.

**Officials' Response:**

The Findings for Recovery for Fred Canter of \$1,478 will be paid back at \$50 per month as he continues to pay for the 2012-2013 Findings for Recovery amounts together.

**FINDING NUMBER 2015-002**

**Finding for Recovery**

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, Diana Stonerock was reimbursed \$412 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 \$412, and in favor of Bloom Township, Scioto County's General Fund

**FINDING NUMBER 2015-002  
(Continued)**

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 Walter Maynard and their bonding company, Western Surety are jointly and severally liable for the checks signed by them in the amount of \$412 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 \$234 and in favor of Bloom Township, Scioto County's General Fund.

**Officials' Response:**

Diana Stonerock will pay back the current findings for recovery of \$412 after the post audit is completed and received in one payment in March 2017.

**FINDING NUMBER 2015-003**

**Noncompliance**

Ohio Rev. Code § 117.103(B)(1) states that a public office shall provide information about the Ohio fraud-reporting system and the means of reporting fraud to each new employee upon employment with the public office. Each new employee shall confirm receipt of this information within thirty days after beginning employment. The Auditor of State shall provide a model form on the Auditor of State's website to be printed and used by new public employees to sign and verify their receipt of information as required by this section.

Employees hired after May 4, 2012 were not notified about the fraud reporting system.

Failure to ensure public employees are aware of the Fraud Reporting System could result in fraud being committed and not timely detected.

The Township should implement additional procedures to ensure that all new employees are notified of the fraud reporting system.

**Officials' Response:**

The Fraud Reporting System form is now implemented and will be notified and given to all new and current employees as of 2017.

#### FINDING NUMBER 2015-004

##### Noncompliance

Ohio Rev. Code §5705.40 states any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation. However, no appropriation may be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations against them. Transfers may be made by resolution or ordinance from one appropriation item to another. Subject to certain limitations, the annual appropriation measure may contain an appropriation for contingencies.

Rulings filed in the case of *C. B. Transportation, Inc. v. Butler County Board of Mental Retardation*, 60 Ohio Misc. 71, 397 N.E.2d 781 (C.P. 1979), as well as in *Burkholder v. Lauber*, 6 Ohio Misc. 152, 216 N.E.2d 909 (C.P. 1965), held that a board or officer whose judgment and discretion is required, was chosen because they were deemed fit and competent to exercise that judgment and discretion and unless power to substitute another in their place has been given, such board or officer cannot delegate these duties to another. Following such reasoning, a local government's governing board would be prohibited from delegating duties statutorily assigned to it, such as the ability to amend appropriations as provided for in Ohio Rev. Code §5705.40.

The Board of Township Trustees did approve budgetary reallocations of appropriations within the same fund between different object codes throughout the year. However, it was noted that additional reallocations of appropriations were posted to the UAN system without approval of the Board of Trustees in 2014 and 2015. This would result in the system showing incorrect appropriation amounts at the legal level of control and is non-compliant with the guidance above because the amendments were not approved by the Board of Township Trustees.

We recommend no appropriation amendments be posted to the UAN system unless approved by the Board of Township Trustees.

##### Officials' Response:

All appropriations in all funds will be Trustee Board approved and noted in the minutes in future (by line item and regular appropriations annually).

#### FINDING NUMBER 2015-005

##### Internal Control – Required Audit Adjustments

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 the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Township misclassified and misposted various receipts, disbursements, and equity classifications to the annual financial report submitted to the Auditor of State for fiscal years 2015 and 2014 as follows:

On the December 31, 2015 financial statements:

- The Township misclassified \$26,842 in the Road and Bridge Fund balance as Restricted. The amount should have been classified as Committed.
- The Township misclassified \$11,690 of the General fund balance as Unassigned. The amount should have been classified as Assigned.

**FINDING NUMBER 2015-005  
(Continued)**

On the December 31, 2014 financial statements:

- The Township posted \$5,277 of Intergovernmental receipts as Tax receipts for homestead and rollback monies in the General Fund.
- The Township posted tax receipts at net instead of gross. This caused General fund Taxes receipts and General Government disbursements to be understated by \$22,332.
- The Township misclassified \$4,797 of the General fund balance as Unassigned. The amount should have been classified as Assigned.
- The Township misclassified \$26,596 in the Road and Bridge Fund balance as Restricted. The amount should have been classified as Committed.

These errors resulted in inaccurate financial statements. The Township has corrected the financial statements and accounting records, where applicable. These errors also caused difficulty in monthly reconciliation process of the Township Fiscal Officer. The Township Fiscal Officer was not able to properly reconcile on a monthly basis in the UAN system to due to errors in the system and errors in her reconciliation process.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and footnotes by the Township Fiscal Officer and Board of Township Trustees to identify and correct errors and omissions.

We also recommend the Township Fiscal Officer take care in posting transactions in order to ensure the year-end financial statements reflect the appropriate activity for the Township's receipts and expenditures. In addition to this, we recommend the Township Fiscal Officer ensure her monthly reconciliation are done in the UAN system and are completely accurately to ensure that all postings to the system are correct.

**Officials' Response:**

All funds that were misclassified in the Road & Bridge and other funds are now monitored and classified properly in 2016/2017.

**FINDING NUMBER 2015-006**

**Internal Control – Images of Checks**

Internal controls are vital to help protect governments against erroneous charges, theft, and fraud. In accordance with Auditor of State Bulletin 2004-010, governments should request that their banks send images of the front and back of all issued checks. This will enable governments to review and scrutinize the transactions and ensure that the payees as well as the various endorsements are appropriate.

The Township only received the front images of issued checks during the audit period.

The Township could potentially be at risk for being victim of erroneous charges, theft, and fraud. Receipt and review of the rear images of issued checks during the reconciliation process could assist the Township in identifying and timely investigating questionable items.

The Township should request that its banks also send the rear images of canceled checks.

**FINDING NUMBER 2015-006  
(Continued)**

**Officials' Response:**

We have requested the back images of our checks from the new account WesBanco banking facility. We were told that no other government entities need this included in their bank statements, but we will ask again and there may be a fee attached monthly for this added feature.

**FINDING NUMBER 2015-007**

**Internal Control – Disaster Recovery Plan**

The Township should develop, test, and maintain their own contingency procedures to be performed in the event of an extended loss of computer resources for the UAN system. Such procedures should be established based upon the maximum outage tolerances for critical applications. In addition to this, the Township should also maintain proper back up files for the UAN system off site to provide additional security.

The Township did not have any type of contingency plans developed in the event of an extended loss of computer resources. This could result in loss of data should a disaster occur.

We recommend the Township develop and test contingency procedures as noted above.

**Officials' Response:**

The UAN backup CD's are kept in a lock box away from the office. A written contingency plan for the UAN Backup will be implemented in 2017.

**BLOOM TOWNSHIP  
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

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>
Auditor of State Certification Letter	Ohio Rev. Code § 505.60 (A): Finding for Recovery against Fred Canter for reimbursement of medical and hospital expenses	No	Partially Corrected; Trustee Resolution 15-2015 approved for \$50 per month to be paid to the Township until finding for recovery is repaid. Repayment stated December 2015.
Auditor of State Certification Letter	Ohio Rev. Code § 505.60 (A): Finding for Recovery against Brian Fenton for reimbursement of medical and hospital expenses	No	Partially Corrected; Trustee Resolution 15-2015 approved for \$50 per month to be paid to the Township until finding for recovery is repaid. Repayment stated December 2015.
Auditor of State Certification Letter	Finding for Recovery Repaid Under Audit	Yes	
Auditor of State Certification Letter	Ohio Rev. Code § 505.60 (A): Finding for Recovery against Diana Stonerock for reimbursement of medical and hospital expenses	No	Partially Corrected; Trustee Resolution 15-2015 approved for \$50 per month to be paid to the Township until finding for recovery is repaid. Repayment stated December 2015.
2013-001	Material Weakness – Mileage and Meeting Reimbursement	Yes	
2013-002	Ohio Rev. Code § 5705.41(D) – Expenditures were not properly encumbered.	Yes	
2013-003	Ohio Rev. Code § 505.60(A) – Health Insurance Reimbursements	No	Partially corrected. AOS did issue two Findings for Recovery related to this for Fiscal year 2014. However, this was corrected by the Township once they were made aware of the error in 2014 and in 2015.
2013-004	Material Weakness – Budgetary Information in UAN system.	No	Not corrected; Reissued as 2015-004

**This page intentionally left blank.**



# 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  
MARCH 14, 2017**