



**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2005



Mary Taylor, CPA
Auditor of State

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Bloom Township
Fairfield County
8490 Lithopolis Road, NW
Carroll, Ohio 43122

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Township, Fairfield County, Ohio (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Township, Fairfield County, Ohio, as of December 31, 2005, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Road and Bridge, Fire District, and Road District Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

August 31, 2007

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

This discussion and analysis of the Bloom Township's (The Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Financial Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$395,439.70, or 28 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Fire District Fund which had an additional 2.75 Mill operating levy first collected in 05. Further, the Fire District Fund and the Road and Bridge Fund had significant additional revenue due to FEMA grants. The net increase was tempered by the decrease in the General Fund due to significant expense for renovation of a newly acquired office building.

General receipts are primarily real estate taxes and State Local Government funds. These two receipts represent 74 percent of the total cash received for governmental activities during the year.

Outstanding debt decreased from \$40,961.44 at December 31, 2004 to \$31,411.92 at December 31, 2005. Debt was due to the purchase of a Fire Department Medic Truck.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The *Statement of Net Assets* and the *Statement of Activities* provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Reporting Bloom Township as a Whole

The *Statement of Net Assets* and the *Statement of Activities* reflect how the Township did financially during 2005, within the limitations of modified cash basis accounting. The *Statement of Net Assets* presents the cash balances of the governmental activities of the Township at year end. The *Statement of Activities* compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

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

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

Reporting Bloom Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are reported entirely in governmental funds.

Governmental Funds - The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Road & Bridge Fund, Fire District Fund, and Road Improvement Fund. The programs reported in governmental funds are the same as those reported in governmental activities on the entity-wide statements.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Bloom Township as a Whole

Table 1 provides a summary of Bloom Township's net assets for 2005 compared to 2004 on a modified cash basis:

(Table 1)			
Net Assets			
	Governmental Activities		
	2005	2004	Variance
Assets			
Cash and Cash Equivalents	\$1,630,097.27	\$1,240,723.96	\$389,373.31
Investments	200,988.25	194,921.86	6,066.39
Total Assets	\$1,831,085.52	\$1,435,645.82	\$395,439.70
Net Assets			
Restricted for:			
Capital Outlay	109,000.00	0.00	109,000.00
Other Purposes	1,470,977.78	1,113,397.12	357,580.66
Unrestricted	251,107.74	322,248.70	(71,140.96)
Total Net Assets	\$1,831,085.52	\$1,435,645.82	\$395,439.70

As mentioned previously, net assets of governmental activities increased \$395,439.70 or 28 percent during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- The Fire District's new 2.75 Mill five-year Fire District operating levy passed in 2004 and was first collected in 2005.
- FEMA Grants for the Fire District Fund and Road and Bridge Fund totaled over \$80,000.
- Reserve for Fire Building Fund 4902 was established with a 2005 balance of \$109,000.

In contrast to the other funds, the General Fund experienced a decrease in cash balance due to expenses totaling over \$150,000 for renovation of a newly acquired office building. This decrease was offset somewhat, however, by a significant increase in interest revenue for the General Fund; \$68,018.63 in 2005 compared with \$20,181.38 in 2004. This was due to a change of banking institutions resulting in a more favorable interest rate and elimination of banking fees and charges.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
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(Continued)**

Table 2 reflects the changes in net assets on a modified cash basis in 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior information is available, a comparative analysis will be presented.

(Table 2)
Changes in Net Assets

	Governmental Activities
	2005
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$152,125.81
Operating Grants and Contributions	146,271.49
Capital Grants and Contributions	60,492.00
Total Program Receipts	358,889.30
General Receipts:	
Property and Other Local Taxes	2,376,047.70
Sale of Fixed Assets	7,290.00
Grants and Entitlements Not Restricted to Specific Programs	452,122.24
Interest	68,018.63
Miscellaneous	11,852.37
Total General Receipts	2,915,330.94
Total Receipts	3,274,220.24
Disbursements:	
General Government	268,148.08
Public Safety	1,459,440.96
Public Health Services	37,937.24
Public Works	770,237.80
Capital Outlay	331,551.81
Debt Service	
Principal Retirement	9,549.52
Interest and Fiscal Charges	1,915.13
Total Disbursements	2,878,780.54
Increase (Decrease) in Net Assets	395,439.70
Net Assets, January 1, 2005	1,435,645.82
Net Assets, December 31, 2005	\$1,831,085.52

Program receipts represent only 11 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and charges to Madison, Pickaway County for Fire and EMS services provided under contract.

General receipts represent 89 percent of the Township's total receipts, and of this amount, over 81.5 percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (15.5 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
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(Continued)**

Disbursements for General Government represent the overhead costs of running the Government and the support services provided for the other Township activities. These include the costs of Trustees, the Fiscal Officer, as well as Zoning Inspector insurance.

Public Safety is the cost of fire protection; Health is the Township assessment for the cost of the County Health Department; and Public Works is the cost of maintaining the roads; Capital Outlay is the costs of equipment and other improvements of the Township, and Dept Service is for the repayment of debt.

Governmental Activities

If you look at the *Statement of Activities* on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public works and public safety which account for \$2,229,678.76 and 78 percent of all governmental disbursements. General government and Capital Outlay also represent a significant cost, about 9 percent and 12 percent of all governmental disbursements respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$268,148.08	\$193,170.61
Public Safety	1,459,440.96	1,348,099.94
Public Works	770,237.80	600,982.99
Health	37,937.24	34,621.24
Capital Outlay	331,551.81	331,551.81
Principal Retirement	9,549.52	9,549.52
Interest and Fiscal Charges	1,915.13	1,915.13
Total Expenses	\$2,878,780.54	\$2,519,891.24

The dependence upon property tax receipts is apparent as over 83 percent of governmental activities are supported through these general receipts.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

The Township's Funds

Total governmental funds had receipts and other financing sources of \$3,274,220.24 and disbursements of \$2,878,780.54. The greatest change within governmental funds from 2004 to 2005 occurred within the Fire District Fund. The fund balance of the Fire District Fund increased \$283,127.08 as the result of the first year collection of the 2.75 mill fire operating levy. Also significant was the decrease of \$67,849.96 in fund balance of the General Fund due to renovation expense for the new office building.

General Fund receipts were less than disbursements by \$68,726.53 indicating that the General Fund is in a deficit spending situation. The General Fund had a major expense of \$125,000 in 2004 with the purchase of the Greencastle office building and again in 2005 with over \$150,000 in expenses renovating the new office building. Interest income for the General Fund increased significantly in the second half of 2004 and in 2005 due to the township changing banks and negotiating a higher interest rate and eliminating all banking fees. With the office building project completed and the increased interest revenue, no additional revenue sources are being sought at this time.

Road and Bridge Fund receipts exceeded disbursements, however the amount was immaterial.

Fire District Fund receipts exceeded disbursements by \$402,127.08. This was an anticipated effect of the new 2.75 mill levy which was needed to cover planned fire department equipment replacements, to begin the Fire Dept. building reserve fund for a new substation, and to cover negotiated wage increases for the firefighters' 3-year contract.

Road District (Road Improvement) Fund receipts were less than disbursements by \$6,664.18. This fund carried over a higher balance from 2004 to 2005, thus additional road maintenance was planned for 2005.

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 2005, the Township amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to higher than anticipated interest earnings on the township checking account and unanticipated estate tax revenue. The difference between final budgeted receipts and actual receipts was \$62,654.92.

Final disbursements were budgeted at \$409,962 while original budgeted disbursements were \$388,328.83. Appropriations were increased in the General Fund to cover the higher than anticipated costs of renovations to the new township offices. Actual disbursements were less than the final budgeted disbursements by \$40,730.52 due to cost-saving measures taken to offset the added expense of the renovations.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure and has no plans to implement any fixed asset inventory system.

Debt

At December 31, 2005, the Township's only outstanding debt is a Promissory Note with a \$31,411.92 balance remaining. This was for the purchase of a Fire Department emergency squad. For further information regarding the Township's debt, refer to Note 11 to the basic financial statements.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. The Fire Department, with our largest Fund, has a five-year plan that is revised as needed. In 2005, the township created a building reserve fund for a future fire substation. Due to rising fire personnel costs, the Township postponed the building project until after it is determined if the 5-year 2.75 mill levy (last collected in 2009) will be replaced or renewed. Meanwhile the Township continues to contribute to the fund as stated in the resolution that created the fund. We have reviewed maintenance projects and have prioritized them to have a minimum effect particularly on the General Fund budget which was significantly impacted in 2004 and 2005 with the purchase and renovation of the new township offices.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Carol J. Moore, Fiscal Officer, Bloom Township, 8490 Lithopolis Road, Carroll, Ohio 42112.

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BLOOM TOWNSHIP, FAIRFIELD COUNTY

Statement of Net Assets - Modified Cash Basis

December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,630,097.27
Investments	200,988.25
<i>Total Assets</i>	<u><u>\$1,831,085.52</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$109,000.00
Other Purposes	1,470,977.78
Unrestricted	251,107.74
<i>Total Net Assets</i>	<u><u>\$1,831,085.52</u></u>

See accompanying notes to the basic financial statements

BLOOM TOWNSHIP, FAIRFIEL COUNTY

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2005

	Program Cash Receipts			Net (Disbursements)	
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Receipts and Changes in Net Assets	
			Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
General Government	\$268,148.08	\$74,977.47	\$0.00	\$0.00	(\$193,170.61)
Public Safety	1,459,440.96	44,069.27	6,779.75	60,492.00	(1,348,099.94)
Public Works	770,237.80	29,763.07	139,491.74	0.00	(600,982.99)
Health	37,937.24	3,316.00	0.00	0.00	(34,621.24)
Capital Outlay	331,551.81	0.00	0.00	0.00	(331,551.81)
Debt Service:					
Principal	9,549.52	0.00	0.00	0.00	(9,549.52)
Interest	1,915.13	0.00	0.00	0.00	(1,915.13)
<i>Total Governmental Activities</i>	2,878,780.54	152,125.81	146,271.49	60,492.00	(2,519,891.24)
General Receipts					
Property Taxes levied for:					
General					\$66,437.13
Road and Bridge					278,937.75
Fire					1,629,273.70
Road District					401,399.12
Grants and Entitlements not Restricted to Specific Programs					452,122.24
Sale of Fixed Assets					7,290.00
Earnings on Investments					68,018.63
Miscellaneous					11,852.37
Total General Receipts, and Transfers					<u>2,915,330.94</u>
Change in Net Assets					395,439.70
<i>Net Assets Beginning of Year</i>					<u>1,435,645.82</u>
<i>Net Assets End of Year</i>					<u><u>\$1,831,085.52</u></u>

See accompanying notes to the basic financial statements

BLOOM TOWNSHIP, FAIRFIELD COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2005

	GENERAL	ROAD AND BRIDGE	FIRE DISTRICT	ROAD DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets						
Equity in Pooled Cash and Cash Equivalents	\$142,782.19	\$275,680.13	\$571,805.49	\$204,528.85	\$435,300.61	\$1,630,097.27
Investments	108,325.55	17,662.70	75,000.00	0.00	0.00	200,988.25
<i>Total Assets</i>	<u>\$251,107.74</u>	<u>\$293,342.83</u>	<u>\$646,805.49</u>	<u>\$204,528.85</u>	<u>\$435,300.61</u>	<u>\$1,831,085.52</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	251,107.74	0.00	0.00	0.00	0.00	251,107.74
Special Revenue Funds	0.00	293,342.83	646,805.49	204,528.85	326,300.61	1,470,977.78
Debt Service Fund	0.00	0.00	0.00	0.00	0.00	0.00
Capital Projects Funds	0.00	0.00	0.00	0.00	109,000.00	109,000.00
Permanent Fund	0.00	0.00	0.00	0.00	0.00	0.00
<i>Total Fund Balances</i>	<u>\$251,107.74</u>	<u>\$293,342.83</u>	<u>\$646,805.49</u>	<u>\$204,528.85</u>	<u>\$435,300.61</u>	<u>\$1,831,085.52</u>

See accompanying notes to the basic financial statements

BLOOM TOWNSHIP, FAIRFIELD COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2005

	GENERAL	ROAD AND BRIDGE	FIRE DISTRICT	ROAD DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts						
Property and Other Local Taxes	\$66,061.64	\$278,937.75	\$1,629,273.70	\$401,399.12	\$25,832.67	\$2,401,504.88
Charges for Services	0.00	3,930.40	44,069.27	0.00	0.00	47,999.67
Licenses, Permits and Fees	4,322.47	0.00	0.00	0.00	73,971.00	78,293.47
Intergovernmental	161,129.89	39,269.17	209,519.15	51,265.03	193,988.34	655,171.58
Earnings on Investments	68,018.63	0.00	0.00	0.00	4,919.72	72,938.35
Miscellaneous	972.29	0.00	50.00	0.00	10,000.00	11,022.29
Total Receipts	300,504.92	322,137.32	1,882,912.12	452,664.15	308,711.73	3,266,930.24
Disbursements						
Current:						
General Government	169,387.89	33,589.65	2,000.00	0.00	63,170.54	268,148.08
Public Safety	0.00	0.00	1,452,415.78	0.00	7,025.18	1,459,440.96
Public Works	1,801.15	181,134.51	0.00	459,328.33	127,973.81	770,237.80
Health	37,560.41	0.00	0.00	0.00	376.83	37,937.24
Capital Outlay	160,482.00	92,902.41	14,904.61	0.00	63,262.79	331,551.81
Debt Service:						
Principal Retirement	0.00	0.00	9,549.52	0.00	0.00	9,549.52
Interest and Fiscal Charges	0.00	0.00	1,915.13	0.00	0.00	1,915.13
Total Disbursements	369,231.45	307,626.57	1,480,785.04	459,328.33	261,809.15	2,878,780.54
Excess of Receipts Over (Under) Disbursements	(68,726.53)	14,510.75	402,127.08	(6,664.18)	46,902.58	388,149.70
Other Financing Sources (Uses)						
Sale of Fixed Assets	0.00	7,290.00	0.00	0.00	0.00	7,290.00
Transfers In	876.57	2,856.53	0.00	0.00	123,557.90	127,291.00
Transfers Out	0.00	(3,500.00)	(119,000.00)	0.00	(4,791.00)	(127,291.00)
Total Other Financing Sources (Uses)	876.57	6,646.53	(119,000.00)	0.00	118,766.90	7,290.00
Net Change in Fund Balances	(67,849.96)	21,157.28	283,127.08	(6,664.18)	165,669.48	395,439.70
Fund Balances Beginning of Year	318,957.70	272,185.55	363,678.41	211,193.03	269,631.13	1,435,645.82
Fund Balances End of Year	<u>\$251,107.74</u>	<u>\$293,342.83</u>	<u>\$646,805.49</u>	<u>\$204,528.85</u>	<u>\$435,300.61</u>	<u>\$1,831,085.52</u>

See accompanying notes to the basic financial statements

BLOOM TOWNSHIP, FAIRFIELD COUNTY*Statement of Receipts, Disbursements and Changes**In Fund Balance - Budget and Actual -Budget Basis**General Fund**For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$64,000.00	\$64,000.00	\$66,061.64	\$2,061.64
Licenses, Permits and Fees	5,000.00	5,000.00	4,322.47	(677.53)
Intergovernmental	130,350.00	130,350.00	161,129.89	30,779.89
Earnings on Investments	8,200.00	38,200.00	68,018.63	29,818.63
Miscellaneous	300.00	300.00	972.29	672.29
<i>Total receipts</i>	<u>207,850.00</u>	<u>237,850.00</u>	<u>300,504.92</u>	<u>62,654.92</u>
Disbursements				
Current:				
General Government	224,721.09	205,708.10	169,387.89	36,320.21
Public Works	3,107.74	3,053.87	1,801.15	1,252.72
Health	37,500.00	37,600.00	37,560.41	39.59
Capital Outlay	123,000.00	163,600.00	160,482.00	3,118.00
<i>Total Disbursements</i>	<u>388,328.83</u>	<u>409,961.97</u>	<u>369,231.45</u>	<u>40,730.52</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(180,478.83)</u>	<u>(172,111.97)</u>	<u>(68,726.53)</u>	<u>103,385.44</u>
Other Financing Sources (Uses)				
Transfers In	0.00	876.57	876.57	0.00
Transfers Out	<u>(10,000.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(10,000.00)</u>	<u>876.57</u>	<u>876.57</u>	<u>0.00</u>
<i>Net Change in Fund Balance</i>	<u>(190,478.83)</u>	<u>(171,235.40)</u>	<u>(67,849.96)</u>	<u>103,385.44</u>
<i>Fund Balance Beginning of Year</i>	313,090.84	313,090.84	313,090.84	0.00
Prior Year Encumbrances Appropriated	<u>5,866.86</u>	<u>5,866.86</u>	<u>5,866.86</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u>\$128,478.87</u>	<u>\$147,722.30</u>	<u>\$251,107.74</u>	<u>\$103,385.44</u>

See accompanying notes to the basic financial statements

BLOOM TOWNSHIP, FAIRFIELD COUNTY*Statement of Receipts, Disbursements and Changes**In Fund Balance - Budget and Actual -Budget Basis**Road and BridgeFund**For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$268,000.00	\$268,000.00	\$278,937.75	\$10,937.75
Charges for Services	0.00	0.00	3,930.40	3,930.40
Intergovernmental	35,000.00	35,000.00	39,269.17	4,269.17
<i>Total receipts</i>	<u>303,000.00</u>	<u>303,000.00</u>	<u>322,137.32</u>	<u>19,137.32</u>
Disbursements				
Current:				
General Government	37,800.00	37,800.00	33,589.65	4,210.35
Public Works	262,117.44	262,757.66	181,134.51	81,623.15
Capital Outlay	50,000.00	146,500.00	92,902.41	53,597.59
<i>Total Disbursements</i>	<u>349,917.44</u>	<u>447,057.66</u>	<u>307,626.57</u>	<u>139,431.09</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(46,917.44)</u>	<u>(144,057.66)</u>	<u>14,510.75</u>	<u>158,568.41</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	0.00	0.00	7,290.00	7,290.00
Transfers In	0.00	2,856.53	2,856.53	0.00
Transfers Out	(73,500.00)	(3,500.00)	(3,500.00)	0.00
<i>Total Other Financing Sources (Uses)</i>	<u>(73,500.00)</u>	<u>(643.47)</u>	<u>6,646.53</u>	<u>7,290.00</u>
<i>Net Change in Fund Balance</i>	<u>(120,417.44)</u>	<u>(144,701.13)</u>	<u>21,157.28</u>	<u>165,858.41</u>
<i>Fund Balance Beginning of Year</i>	<u>252,825.77</u>	<u>252,825.77</u>	<u>252,825.77</u>	<u>0.00</u>
Prior Year Encumbrances Appropriated	<u>19,359.78</u>	<u>19,359.78</u>	<u>19,359.78</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u>\$151,768.11</u>	<u>\$127,484.42</u>	<u>\$293,342.83</u>	<u>\$165,858.41</u>

See accompanying notes to the basic financial statements

BLOOM TOWNSHIP, FAIRFIEL COUNTY*Statement of Receipts, Disbursements and Changes**In Fund Balance - Budget and Actual -Budget Basis**Fire District Fund**For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$1,570,000.00	\$1,570,000.00	\$1,629,273.70	\$59,273.70
Charges for Services	21,000.00	21,000.00	44,069.27	23,069.27
Intergovernmental	200,000.00	200,000.00	209,519.15	9,519.15
Miscellaneous	0.00	0.00	50.00	50.00
<i>Total receipts</i>	<u>1,791,000.00</u>	<u>1,791,000.00</u>	<u>1,882,912.12</u>	<u>91,912.12</u>
Disbursements				
Current:				
General Government	2,000.00	2,000.00	2,000.00	0.00
Public Safety	1,572,680.45	1,569,460.30	1,452,415.78	117,044.52
Capital Outlay	75,000.00	15,000.00	14,904.61	95.39
Debt Service:				
Principal Retirement	9,549.52	9,549.52	9,549.52	0.00
Interest and Fiscal Charges	1,915.13	1,915.13	1,915.13	0.00
<i>Total Disbursements</i>	<u>1,661,145.10</u>	<u>1,597,924.95</u>	<u>1,480,785.04</u>	<u>117,139.91</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>129,854.90</u>	<u>193,075.05</u>	<u>402,127.08</u>	<u>209,052.03</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(59,000.00)</u>	<u>(119,000.00)</u>	<u>(119,000.00)</u>	<u>0.00</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(59,000.00)</u>	<u>(119,000.00)</u>	<u>(119,000.00)</u>	<u>0.00</u>
<i>Net Change in Fund Balance</i>	70,854.90	74,075.05	283,127.08	209,052.03
<i>Fund Balance Beginning of Year</i>	360,458.26	360,458.26	360,458.26	0.00
Prior Year Encumbrances Appropriated	<u>3,220.15</u>	<u>3,220.15</u>	<u>3,220.15</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u>\$434,533.31</u>	<u>\$437,753.46</u>	<u>\$646,805.49</u>	<u>\$209,052.03</u>

See accompanying notes to the basic financial statements

BLOOM TOWNSHIP, FAIRFIELD COUNTY*Statement of Receipts, Disbursements and Changes**In Fund Balance - Budget and Actual -Budget Basis**Road District Fund**For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$391,000.00	\$391,000.00	\$401,399.12	\$10,399.12
Intergovernmental	46,000.00	46,000.00	51,265.03	5,265.03
<i>Total receipts</i>	<u>437,000.00</u>	<u>437,000.00</u>	<u>452,664.15</u>	<u>15,664.15</u>
Disbursements				
Current:				
Public Works	441,164.32	565,000.00	459,328.33	105,671.67
<i>Total Disbursements</i>	<u>441,164.32</u>	<u>565,000.00</u>	<u>459,328.33</u>	<u>105,671.67</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,164.32)</u>	<u>(128,000.00)</u>	<u>(6,664.18)</u>	<u>121,335.82</u>
<i>Net Change in Fund Balance</i>	(4,164.32)	(128,000.00)	(6,664.18)	121,335.82
<i>Fund Balance Beginning of Year</i>	210,028.71	210,028.71	210,028.71	0.00
Prior Year Encumbrances Appropriated	<u>1,164.32</u>	<u>1,164.32</u>	<u>1,164.32</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u>\$207,028.71</u>	<u>\$83,193.03</u>	<u>\$204,528.85</u>	<u>\$121,335.82</u>

See accompanying notes to the basic financial statements

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Note 1 – Reporting Entity

Bloom Township, Fairfield County, Ohio (the Township), is a body politic and corporate established in 1803 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, fire protection and emergency medical services, maintenance of Township roads and bridges, and cemetery maintenance.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a *modified* cash basis of accounting. This *modified* 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 *modified* cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the *modified* cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, all of the Township's activities are governmental.

The statement of net assets presents the cash and investment 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. 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 *modified* 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.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are put into one category, governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Road and Bridge Fund, Fire District Fund, and the Road District Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

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

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

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2005.

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 2005 was \$68,018.63.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township held no restricted assets during 2005.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

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

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for specific purposes. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. The Township had no reserves at December 31, 2005.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

In 2004, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. In 2005, the Township implemented the modified cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Road and Bridge Fund, Fire District Fund, and Road District Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. For the Township, there are no differences between the budgetary basis and the modified cash basis.

Note 5 – 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.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 5 - Deposits and Investments (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,568,662.32 of the Township's bank balance of \$1,668,662.32 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 5 - Deposits and Investments (continued)

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2005, the Township had the following investments:

		<u>Carrying Value</u>			
STAR Ohio		\$200,988.25			
Total Portfolio		<u>\$200,988.25</u>			
		<u>Investment Maturities (in Years)</u>			
<u>Investment Type</u>	<u>Carrying Value</u>	<u>Less than 1</u>	<u>1-2</u>	<u>3-5</u>	<u>More than 5</u>
STAR Ohio	\$200,988.25	\$200,988.25			
Total Investments	<u>\$200,988.25</u>	<u>\$200,988.25</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Interest rate risk arises because the fair value of investments changes as interest rates change. According to state statute, the Townships investment maturities are limited to five years or less.

STAR Ohio carries a rating of AAAM by Standard and Poor's.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

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

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 6 – Property Taxes (continued)

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$1 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential	\$159,652,190
Agricultural	13,759,930
Commercial/Industrial/Mineral	4,055,210
Tangible Personal Property	1,418,466
Business	640,260
Public Utility	5,509,060
Total Assessed Value	<u>\$185,035,016</u>

Note 7 – Risk Management

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

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

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 7 – Risk Management (continued)

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	(12,344,576)	(11,086,379)
Retained earnings	\$18,141,062	\$17,046,241

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	(1,406,031)	(543,176)
Retained earnings	\$7,771,765	\$7,045,167

At December 31, 2005 and 2004, respectively, casualty coverage liabilities noted above include approximately \$11.6 million and \$10.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$70,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 7 – Risk Management (continued)

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>Township Contributions to OTARMA</u>	
2003	\$32,540
2004	\$36,938
2005	\$38,926

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$23,494 \$21,157, and \$19,013 respectively. The full amounts have been contributed for 2005, 2004 and 2003. Contributions to the member-directed plan for 2005 were \$4,632 made by the Township and \$2,906 made by the plan members.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 8 – Defined Benefit Pension Plan (continued)

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 16.25 percent for firefighters. Contributions are authorized by State statute. The Township's required contributions to the Fund for firefighters for the years ended December 31, 2005, 2004, and 2003 were \$124,524, \$111,264, and \$108,354 respectively. The full amounts have been contributed for 2005, 2004 and 2003.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$9,840.39. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 9 - Postemployment Benefits (continued)

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2005 and 2004. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Township's actual contributions for 2005 that were used to fund post employment benefits were \$59,389 for firefighters. The OP&F's total health care expense for the year ended December 31, 2004, (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters

Note 10 – Social Security

Part-time firefighters, EMT, and paramedics contribute to Social Security (FICA). Members contributed 6.2 percent of their gross wages to FICA and the Township matches that contribution in an amount equal to 6.2 percent. The Township has paid all contributions required through December 31, 2005.

Note 11 – Debt

The Township's long-term debt activity for the year ended December 31, 2005, was as follows:

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005	Due Within One Year
<u>Governmental Activities</u>						
2003 Promissory Notes (\$50,000)	Various	\$40,961.44	\$0	\$9,549.52	\$31,411.92	\$9,996.00

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 11 – Debt (continued)

The promissory note is supported by the full faith and credit of the Township and is payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Township's future annual debt service requirements:

Year	Promissory Notes	
	Principal	Interest
2006	\$9,996.00	\$1,468.65
2007	10,463.36	1,001.29
2008	10,952.56	0.00
Totals	\$31,411.92	\$2,487.94

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 the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2005, were an overall debt margin of \$19,428,677 and an unvoted debt margin of \$10,176,926.

Note 12 – Interfund Transfers

During 2005, the following transfers were made:

Transfer from the Fire District to:	
Other Governmental Funds	\$119,000
Total Transfers from the Fire District Fund	\$119,000
Transfer from the Road and Bridge Fund to:	
Other Governmental Funds	\$3,500
Total Transfers from the Road and Bridge Fund	\$3,500
Transfers from the FEMA Grant Fund to:	
General Fund	\$876.57
Other Governmental Funds	3,914.43
Total Transfers from the FEMA Grant Fund	4,791.00

Transfer from the Fire District represents the allocation of unrestricted receipts collected in the Fire District Fund to a reserve capital improvement fund for the purpose of establishing a reserve fund for the construction of a fire department building, and to the reserve for fire employees retirement fund.

Transfer from the Road and Bridge Fund represents the allocation of unrestricted receipts collected in the Road and Bridge Fund to a reserve for Road Employees Retirement fund for the purpose of establishing a reserve fund for the road and bridge employees retirement contributions.

Transfers from the FEMA Grant Fund represent reimbursements to the General and Other Governmental Funds for disbursements made on behalf of the FEMA Grant.

**BLOOM TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 13 – Jointly Governed Organization

The Township appoints a person to represent the Township on the 48 member board of the Fairfield Regional Planning Commission. The Township pays a small membership fee annually. The fee is based on the per capita of the Township. There is no ongoing financial interest or responsibility by the Township.



Mary Taylor, CPA

Auditor of State

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

Bloom Township
Fairfield County
8490 Lithopolis Road, NW
Carroll, Ohio 43122

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bloom Township, Fairfield County, Ohio, (the Township) as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 31, 2007, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No 34, *Basic Financial Statements-and Management's Discussion and Analysis- for State and Local Governments*. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Accounting Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

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www.auditor.state.oh.us

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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

Mary Taylor, CPA
Auditor of State

August 31, 2007



Mary Taylor, CPA
Auditor of State

BLOOM TOWNSHIP

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 4, 2007**