



**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

SINGLE AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2012**



Dave Yost • Auditor of State

Board of Trustees
Brimfield Township
1333 Tallmadge Rd.
Kent, Ohio 44240

We have reviewed the *Independent Auditor's Report* of Brimfield Township, Portage County, prepared by Canter & Associates, for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Findings For Recovery

- Pursuant to Ohio Revised Code § 505.24, in calendar year 2012, in a township having a budget of more than \$3,500,001 but not more than \$6,000,000, the compensation of a township trustee shall be set at a maximum of \$12,346 annually. A township having a budget of more than \$6,000,001 but not more than \$10,000,000, the compensation of a township trustee shall be set at a maximum of \$15,998 annually.

The Township's "Original Certificate of Estimated Resources and Amended Certificate of Estimated Resources" as approved by the County Budget Commission, for calendar year 2012 was \$5,019,728 from January 1, 2012 through April 23, 2012 and amended to \$6,613,192 on April 24, 2012 until year end. As such, a township trustee's maximum annual salary for year 2012 was \$14,784 based on the two budget amounts approved by the County Budget Commission.

A review of the payroll records indicate that Trustee Charles Sprague was paid \$15,927 in 2012 for an overpayment of \$1,143 in 2012 of compensation exceeding the allowed amount by the Ohio Revised Code.

The additional compensation received by Trustee Charles Sprague was for payment in-lieu of the hospitalization plans in the amount of \$1,095 the Township offers pursuant to **Ohio Revised Code § 505.60 and 505.601** and in overcompensation of \$48 based on the new budget amended on April 24, 2012. Elected public officials whose compensation is set by statute are not entitled to receive fringe benefits that are not statutorily provided or made available, nor make more than the Code provides. Townships elected officials are entitled to receive health insurance as part of their compensation and to have said

premiums paid with public funds. In that the salary of a trustee is set by statute, receiving payment in-lieu of an allowable fringe benefit constitutes an increase in compensation, contrary to the maximum permitted by Ohio Revised Code § 505.24

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a finding for recovery for public monies illegally expended is issued against Charles Sprague, Township Trustee, and his bonding company Ohio Township Association Risk Management Authority, jointly and severally in the amount of \$1,143 and in favor of Brimfield Township's General Fund.

- Pursuant to Ohio Revised Code § 505.24, in calendar year 2012, in a township having a budget of more than \$3,500,001 but not more than \$6,000,000, the compensation of a township trustee shall be set at a maximum of \$12,346 annually. A township having a budget of more than \$6,000,001 but not more than \$10,000,000, the compensation of a township trustee shall be set at a maximum of \$15,998 annually.

The Township's Original Certificate of Estimated Resources and Amended Certificate of Estimated Resources as approved by the County Budget Commission, for calendar year 2012 were \$5,019,728 from January 1, 2012 through April 23, 2012 and amended to \$6,613,192 on April 24, 2012 till year end. As such, a township trustee's maximum annual salary for year 2012 was \$14,784 based on the two budget amounts approved by the County Budget Commission.

A review of the payroll records indicate that trustee Susan Fields was paid \$15,927 in 2012 for an overpayment of \$1,143 in 2012 for compensation exceeding the allowed amount by the Ohio Revised Code.

The additional compensation received by Trustee Susan Fields was for payment in-lieu of the hospitalization plans in the amount of \$1,095 the Township offers pursuant to **Ohio Revised Code § 505.60 and 505.601** and in overcompensation of \$48 based on the new budget amended on April 24, 2012. Elected public officials whose compensation is set by statute are not entitled to receive fringe benefits that are not statutorily provided or made available, nor make more than the Code provides. Townships elected officials are entitled to receive health insurance as part of their compensation and to have said premiums paid with public funds. In that the salary of a trustee is set by statute, receiving payment in-lieu of an allowable fringe benefit constitutes an increase in compensation, contrary to the maximum permitted by Ohio Revised Code § 505.24

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a finding for recovery for public monies illegally expended is issued against Susan Fields, Township Trustee, and her bonding company Ohio Township Association Risk

Management Authority, jointly and severally in the amount of \$1,143 and in favor of
Brimfield Township's General Fund.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

December 23, 2013

This page intentionally left blank.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental Fund Types - For the Year Ended December 31, 2012.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Fiduciary Fund Types - For the Year Ended December 31, 2012.....	5
Notes to the Financial Statements	6
Federal Awards Expenditures Schedule	18
Notes to the Federal Awards Expenditures Schedule	19
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	20
Independent Auditor’s Report on Compliance with Requirements Applicable to Its Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	22
Schedule of Findings.....	25
Schedule of Prior Audit Findings.....	32
Corrective Action Plan.....	33



6400 Olde Stone Crossing
Poland, Ohio 44514
Ph: 330.707.9035
Fax: 888.516.1186

CERTIFIED PUBLIC ACCOUNTANTS

WWW.CANTERCPA.NET

INDEPENDENT AUDITOR'S REPORT

Brimfield Township
Portage County
1333 Tallmadge Rd.
Kent, Ohio 44240

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Brimfield Township, Portage County, (the Township) as of and for the year ended December 31, 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control.

Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

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

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole. The federal awards expenditure schedule presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subjected to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2013, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Canter & Associates
Poland, Ohio

October 29, 2013

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$508,215	\$2,274,776	\$145,953	-	\$2,928,944
Charges for Services	-	194,771	-	-	194,771
Licenses, Permits, and Fees	123,359	19,433	-	-	142,792
Fines and Forfeitures	-	99,195	-	-	99,195
Intergovernmental	246,417	812,210	-	\$235,409	1,294,036
Special Assessments	-	6,402	-	-	6,402
Earnings on Investments	-	4,424	-	-	4,424
Miscellaneous	10,566	73,843	-	-	84,409
Total Cash Receipts	888,557	3,485,054	145,953	235,409	4,754,973
Cash Disbursements:					
Current:					
General Government	675,127	5,576	-	-	680,703
Public Safety	-	2,774,117	-	-	2,774,117
Public Works	470	554,085	-	-	554,555
Health	-	24,501	-	-	24,501
Conservation-Recreation	8,208	-	-	-	8,208
Other	-	12,337	-	-	12,337
Capital Outlay	-	524,941	-	1,383,787	1,908,728
Debt Service:					
Redemption of Principal	-	-	210,519	150,000	360,519
Interest and Other Fiscal Charges	-	-	27,651	6,300	33,951
Total Cash Disbursements	683,805	3,895,557	238,170	1,540,087	6,357,619
Total Receipts Over/(Under) Disbursements	204,752	(10,503)	(92,217)	49,155	151,187
Other Financing Receipts/(Disbursements):					
Debt Proceeds	-	400,000	-	1,353,833	1,753,833
Advances-In	94,500	94,500	-	30,000	219,000
Advances-Out	(124,500)	(94,500)	-	-	(219,000)
Total Other Financing Receipts/(Disbursements)	(30,000)	400,000	-	1,383,833	1,753,833
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	174,752	(10,503)	(92,217)	79,155	151,187
Fund Cash Balance, January 1 (restated Note 10)	\$220,383	\$563,114	\$82,126	\$0	\$865,623
Fund Cash Balance, December 31					
Restricted	-	552,611	-	79,155	631,766
Assigned	46,820	-	-	-	46,820
Unassigned	348,315	-	(10,091)	-	338,224
Fund Cash Balance, December 31	\$395,135	\$552,611	(\$10,091)	\$79,155	\$1,016,810

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Fiduciary Fund Types		Totals
	Agency	Private Purpose Trust	(Memorandum Only)
Non-Operating Receipts/Disbursements			
Other Financing Sources	\$107,753	-	\$107,753
Other Financing Uses	(98,268)	-	(98,268)
Total Non-Operating Receipts/Disbursements	9,485	0	9,485
Income/(Loss)	9,485	0	9,485
Fund Cash Balance, January 1	\$10,007	\$1,548	\$11,555
Fund Cash Balance, December 31	\$19,492	\$1,548	\$21,040

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

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

Joint Ventures and Public Entity Risk Pool

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Township does not report assets for equity interests in joint ventures.

The Township participates in two joint ventures and one public entity risk pool. Notes 8 & 9 to the financial statements provide additional information for these entities, which are;

Joint Venture – The Brimfield-Kent Joint Economic Development District (JEDD) – In April 2005, the Brimfield Township Board of Trustees approved the formation of this JEDD with the City of Kent. The parties have entered into a contract to create and provide for the operation of the JEDD in accordance with Sections 715.72 through 715.83 of the Ohio Revised Code. The purpose of this JEDD is to facilitate economic development, to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio, Portage County, Brimfield Township and the City of Kent. The Township received \$33,750 in 2012, of which a portion is applied to the Capital Maintenance fund for the JEDD.

Joint Venture – The Brimfield-Tallmadge Joint Economic Development District (JEDD) – In March 2003, the Brimfield Township Board of Trustees approved the formation of this JEDD with the City of Tallmadge. The parties have entered into a contract to create and provide for the operation of the JEDD in accordance with Sections 715.72 through 715.77 of the Ohio Revised Code. The purpose of this JEDD is to facilitate economic development, to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio, Portage County, Brimfield Township and the City of Tallmadge. The Township received \$325,706 in 2012, of which a portion is applied to the Capital Maintenance fund for the JEDD.

Public Entity Risk Pool – Ohio Township Association Risk Management Authority (OTARMA) – The risk sharing pool, available to Ohio Townships provides property and casualty insurance for its members. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township maintains one business checking demand deposit account for all their banking.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Special Levy Fire Fund – This fund receives property tax money to provide fire protection to the residents of the Township.

Special Levy Police Fund – This fund receives property tax money to provide police protection to the residents of the Township.

Special Levy Road Levy – This fund receives property tax money to provide repairs and maintenance of Township roads.

Emergency Medical Services Fund – This fund receives charges for services for Emergency Medical activities for residents and non-residents.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Debt Service Fund

This fund accounts for resources the Township accumulates to pay note debt. The Township had the following significant Debt Service Fund:

General Note Retirement Fund – This fund receives property tax money for the retirement of the Township’s general obligation debt.

4. Capital Projects Fund

This fund accounts for resources restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Projects Fund:

Permanent Improvement Fund – The Township received a loan for renovations to the Police Station.

5. Fiduciary Funds (Trust and Agency Funds)

These funds account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township has the following significant fiduciary funds:

Motel Tax Agency Fund – The Township receives a tax on the gross income of the hotels and motels in the area, and remits twenty-five percent of this tax to the Central Portage County Visitors and Convention Bureau.

Private Purpose Trust Fund- The Township has cemetery bequest funds. Only the interest is expended, and the principal remains permanently.

E. Budgetary Process

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

1. Appropriations

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2012 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2012, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

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

3. Committed

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

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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2012</u>
Demand deposits	\$1,037,850

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2012 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$937,545	\$888,557	(\$48,988)
Special Revenue	3,902,198	3,885,054	(17,144)
Debt Service	145,953	145,953	0
Capital Project	1,460,000	1,589,242	129,242
Private Purpose Trust	28	0	(28)
Total	\$6,445,724	\$6,508,806	\$63,082

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,015,559	\$730,625	\$284,934
Special Revenue	4,519,858	3,989,794	530,064
Debt Service	240,882	238,170	2,712
Capital Project	1,695,220	1,588,192	107,028
Private Purpose Trust	127	0	127
Total	\$7,471,646	\$6,546,781	\$924,865

*The budgetary basis expenditures presented in the tables above include encumbrances outstanding at year-end.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
G.O. Bonds-Variious Purpose	\$174,446	4.25%
G.O. Bonds- Land Acquisition	\$177,366	2.50%
USDA Loan - Police Building	\$1,460,000	3.375%
USDA Loan - Fire Truck	400,000	3.50%
Total	<u>\$2,211,812</u>	

During 2007, the Township consolidated all of its outstanding loans at that time with one bank in order to save money on principal and interest payments. After advertising and reviewing all bids, the Township selected Chase bank to pay off all outstanding loans, which included principal and current interest due, in the amount of \$610,563. The new various purpose bonds issued through Chase bank were dated November 9, 2007, were issued in the amount of \$610,563, shall mature November 9, 2014 and will bear an interest rate of 4.25 percent.

During 2008, the Township issued a \$340,000 land acquisition bond through Chase Bank for the purchase of land located within the Township. The bond will mature on June 1, 2018 and bear an original interest rate of 3.80 percent, with a provision for an Interest Rate Adjustment Date each June 1 until the principal amount is fully paid. The Interest Rate Adjustment is based on the Applicable Rate, meaning the rate of interest per annum equal to sixty-six percent of the sum of the most recent weekly average One Year Treasury Constant Maturity Yield in the Fiscal Reserve Statistical Release H.15 plus 3.59 percent. In 2012 this rate change amounted to a \$9,634.25 decrease balance adjustment.

The Township in 2012 was the recipient of two USDA loans, one for the construction of a new Police Station in the amount \$1,460,000 and the second for the purchase of a Fire Truck in the amount of \$400,000. The USDA issues bonds that the township is obligated to repay. The Police Station loan is a 30 year debt with the first year payment in 2013 of interest only. The Fire Truck issue is a 10 year issue based on the useful life estimate of the Fire Truck, with the first payment due in 2013. Of the \$1,460,000, \$1,353,833 was drawn in 2012 and the remaining \$106,167 will be drawn in 2013.

The Township's taxing authority collateralized all the outstanding debt.

Principal and interest requirements to retire the debt outstanding at December 31, 2012, are as follows:

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

5. DEBT (Continued)

Year Ended December 31,	Chase Various Purpose Bond			USDA - Police Station		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$87,223	\$7,414	\$94,637	\$0	\$48,180	\$48,180
2014	87,223	3,707	90,930	30,400	49,275	79,675
2015				31,500	48,249	79,749
2016				32,600	47,186	79,786
2017				33,600	46,086	79,686
2018-42				1,331,900	661,084	1,992,984
Total	<u>\$174,446</u>	<u>\$11,121</u>	<u>\$185,567</u>	<u>\$1,460,000</u>	<u>\$900,060</u>	<u>\$2,360,060</u>

Year Ended December 31,	Land Acquisition Bond			USDA - Fire Truck		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$34,000	\$4,434	\$38,434	\$34,100	\$13,494	\$47,594
2014	34,000	3,584	37,584	35,300	12,806	48,106
2015	34,000	2,734	36,734	36,500	11,571	48,071
2016	34,000	1,884	35,884	37,800	10,294	48,094
2017	34,000	1,034	35,034	39,100	8,971	48,071
2018-22	7,366	184	7,550	217,200	23,329	240,529
Total	<u>\$177,366</u>	<u>\$13,854</u>	<u>\$191,220</u>	<u>\$400,000</u>	<u>\$80,465</u>	<u>\$480,465</u>

6. CAPITAL LEASES

During 2010, the Township entered into a lease/purchase with Chase Equipment Finance for the lease/purchase of a Dump Truck, in the amount of \$120,457 at 3.5% interest for 5 years.

During 2011, the Township entered into a lease/purchase with Key Government Finance for three police cruisers and 1 SUV, in the amount of \$125,689 for 3 years at 4.62%.

Year Ended December 31,	Dump Truck	Police Vehicles
	Lease/Purchase	Lease
2013	\$26,131	\$43,801
2014	26,131	0
2015	26,131	0
Total	<u>\$78,393</u>	<u>\$43,801</u>

7. 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 plan's benefits, which include postretirement healthcare and survivor and disability benefits.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

7. RETIREMENT SYSTEMS (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2012, OPERS members contributed 10 percent of their gross salaries. The Township contributed an amount equaling 14 percent of participants' gross salaries for 2012. The Township has paid all contributions required through December 31, 2012.

8. JOINT VENTURES

The Brimfield-Kent Joint Economic Development District (JEDD) – The Brimfield-Kent Joint Economic Development District was a contract entered into by Brimfield Township and the City of Kent in April 2005, in accordance with Ohio Revised Code Sections 715.72 through 715.83 for their mutual benefit and for the benefit of their residents.

The JEDD was created to facilitate economic development, to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio, Portage County, Brimfield Township and the City of Kent. The Township and the City each agreed to contribute to the development and operation of the District. The land of the JEDD is situated within the Township limits, and utility services are provided by the City. A mutual aid agreement between the Township and City for police and fire protection will be maintained for the District. A five member appointed Board of Directors as provided by Ohio Revised Code Section 715.78(A)(1)(a) through (e) are appointed to govern the District. The Township and City shall adopt by-laws for the regulation of the affairs of the Board and the conduct of business.

The JEDD Board adopted a resolution at its first meeting to levy an income tax in the District at the following rates:

<u>Years</u>	<u>Income Tax Rate</u>
2006 - 2008	0.50%
2009 - 2013	0.75%
2014 - 2018	1.00%
2019 - 2023	1.50%
2024 - 2028	2.00%
2029 and thereafter	Same rate as the City

The City of Kent shall administer, collect and enforce the income tax on behalf of the District.

Under the terms of the agreement, the Township shall establish the Brimfield-Kent Maintenance and Improvement Fund (#2194) for the purpose of paying costs of maintenance and permanent improvements within the District. The District is required to set aside 0.5 percent of the income tax collected each year into this Maintenance and Improvement Fund. Once the amount of revenue to be held in this fund is determined, and all obligations of the District are met, the remaining income tax revenues shall be distributed to the Township and the City at 45 percent and 55 percent, respectively. The JEDD's financial statements can be obtained by contacting the City of Kent's Finance Department.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

8. JOINT VENTURES (Continued)

The Brimfield-Tallmadge Joint Economic Development District (JEDD) – The Brimfield-Tallmadge Joint Economic Development District was a contract entered into by Brimfield Township and the City of Tallmadge in March 2003, in accordance with Ohio Revised Code Sections 715.72 through 715.77 for their mutual benefit and the for the benefit of their residents.

The JEDD was created to facilitate economic development, to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio, Portage County, Brimfield Township and the City of Tallmadge. The Township and the City each agreed to contribute to the development and operation of the District. The land of the JEDD is situated within the Township limits, and utility services are provided by the City. A mutual aid agreement between the Township and City for police and fire protection will be maintained for the District. A five member appointed Board of Directors as provided by Ohio Revised Code Section 715.78(A)(1)(a) through (e) are appointed to govern the District. One member representing the City and appointed by the Mayor, one member representing the Township and appointed by the Township Trustees, one member who is a business owner in the JEDD representing the business owners in the JEDD and appointed by the Township Trustees, one member who is a person employed within the JEDD and appointed by the Mayor with confirmation of City Council and one member selected by unanimous vote of all members appointed at the time. The Township and City shall adopt by-laws for the regulation of the affairs of the Board and the conduct of business.

The JEDD Board adopted a resolution at its first meeting to levy an income tax in the District at the rate not to exceed the highest rate levied by the City of Tallmadge, currently two percent. The income tax will be collected and shared as follows:

1. In areas where the City of Tallmadge is not contractually required to share JEDD revenues with the City of Akron, the split shall be 60 percent for Tallmadge and 40 percent for Brimfield Township.
2. In areas where the City of Tallmadge is required, as a result of the Tallmadge/Akron water contract to share revenues with Akron, collected income shall be distributed as 25 percent Brimfield, 25 percent Akron and 50 percent Tallmadge.

The City of Tallmadge shall administer, collect and enforce the income tax on behalf of the District.

9. 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

9. RISK MANAGEMENT (Continued)

OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

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 net assets at December 31, 2012, and 2011, for comparison purposes:

	<u>2012</u>	<u>2011</u>
Assets	\$34,771,270	\$35,086,165
Liabilities	<u>(9,355,082)</u>	<u>(9,718,792)</u>
Net Assets	<u><u>\$25,416,188</u></u>	<u><u>\$25,367,373</u></u>

At December 31, 2012 and 2011, respectively, liabilities noted above include approximately \$8.7 million and \$9.1 million of estimated incurred claims payable. The assets and net assets above also include approximately \$7.96 million and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, 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 \$26,885.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

9. RISK MANAGEMENT (Continued)

Based on discussions with OTARMA the expected rates charged by OTARMA to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2011	\$36,331
2012	45,916

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to withdrawal.

10. RESTATEMENT OF PRIOR YEAR FUND BALANCES

During our audit it was determined that lease payments had not been charged to the proper funds for payment and were being charged to the bond retirement debt service fund. Although total fund balance did not change, the reclassification of these lease payments resulted in changes to beginning fund balance as follows:

	Fund Balance at 12/31/11	Reclassification of Lease Payments	Adjusted Fund Balance at 12/31/11
General	\$197,569	\$22,814	\$220,383
Special Revenue	658,059	(94,945)	563,114
Debt Service	9,995	72,131	82,126
Total	\$865,623	\$0	\$865,623

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012**

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Federal	
Program Title	CFDA	Disbursements
<hr/>	<hr/>	<hr/>
U.S. DEPARTMENT OF AGRICULTURE:/ Rural Housing Service: Direct Program		
USDA Community Facilities Loans and Grants - Police Station	10.766	\$1,163,547
USDA Community Facilities Loans and Grants - Fire Truck	10.766	400,000
		<hr/>
Total U.S. Department of Agriculture		<u><u>\$1,563,547</u></u>

The accompanying notes are an integral part of this schedule.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Brimfield Township's federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.



6400 Olde Stone Crossing
Poland, Ohio 44514
Ph: 330.707.9035
Fax: 888.516.1186

CERTIFIED PUBLIC ACCOUNTANTS

WWW.CANTERCPA.NET

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

Brimfield Township
Portage County
1333 Tallmadge Road
Kent, Ohio 44240

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Brimfield Township, Portage County, (the Township) as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2013, wherein we noted the Township followed financial provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03 permits.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements.

Brimfield Township
Portage County
Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Required by
Government Auditing Standards
Page 2

We consider findings 2012-03, 2012-07 and 2012-08 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2012-04 through 2012-06 described in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2012-01 through 2012-05.

Entity's Response to Findings

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

Purpose of this Report

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



Canter & Associates
Poland, Ohio

October 29, 2013



6400 Olde Stone Crossing
Poland, Ohio 44514
Ph: 330.707.9035
Fax: 888.516.1186

CERTIFIED PUBLIC ACCOUNTANTS

WWW.CANTERCPA.NET

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Brimfield Township
Portage County
1333 Tallmadge Road
Kent, Ohio 44240

To the Board of Trustees:

Report on Compliance for Its Major Federal Program

We have audited the Brimfield Township's (the Township) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Brimfield Township's major federal program for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Township's major federal program.

Management's Responsibility

The Township's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Township's compliance for each of the Township's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Brimfield Township
Portage County
Independent Auditor's Report on Compliance with Requirements
Applicable to Its Major Federal Program and on Internal Control
Over Compliance Required by OMB Circular A-133
Page 2

We believe our audit provides a reasonable basis for our compliance opinion on the Township's major program. However, our audit does not provide a legal determination of the Township's compliance.

Opinion on the Major Federal Program

In our opinion, Brimfield Township complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

Report on Internal Control Over Compliance

The Township's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Township's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on its major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Township's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Brimfield Township
Portage County
Independent Auditor's Report on Compliance with Requirements
Applicable to Its Major Federal Program and on Internal Control
Over Compliance Required by OMB Circular A-133
Page 3

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Canter & Associates
Poland, Ohio

October 29, 2013

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	UNMODIFIED
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	UNMODIFIED
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Facilities Loans and Grants CFDA # 10.766
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2012-01

Noncompliance - Prior Certification

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account. Further, contracts and orders for expenditures lacking prior certification shall be null and void. There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money.

FINDING NUMBER 2012-01
(Continued)

The main exceptions are: “then and now” certificates, blanket certificates and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- **Then and Now Certificate:** If the fiscal officer can certify that both at the time that the contract or order was made “then” at the time that he is completing his certification “now”, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. Amounts of less than \$3,000 may be paid by the fiscal officer without resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.
- **Blanket Certificate** – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
- **Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operation expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During review of expenditures (non-payroll), we noted the year under audit 25% of items tested that the Township incurred an obligation prior to the fiscal officer certifying the availability of funds. More simply, the date of the invoice preceded the date of the purchase order.

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

We recommend the Township certify purchases to which section 5705.41(D) applies. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Official’s Response:

We will comply in the future.

FINDING NUMBER 2012-02

Noncompliance - Deposits

Ohio Revised Code § 9.38 provides that any public officer or employee who collects or receives payments due to the public shall deposit all public monies by him with the Fiscal Officer of the taxing district once every twenty four hours. If the amount of daily deposits does not exceed \$1,000 and the receipts can be safeguarded, the public office may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must not be later than three business days after receiving it.

The Township received monies that were not being deposited in a timely manner as required by this section.

Official's Response:

We will comply in the future.

FINDING NUMBER 2012-03

Noncompliance and Material Weakness - Debt Requirements and Covenants

Resolutions 2007-393 – Section (6) and 201-2008 Section (8) for the issuing of bonds for the Various Bonds Consolidated Debt and the Land Acquisition Debt, respectively, require that separate and distinct funds be established for the retirement of the debt. The **Certification Under Section 103(b)(2) and 148 of the IRS Code 1986, As Amended Section F (2)(3)** contained in both debt issues requires the establishment of Bond Retirement funds for the accounting of the proceeds and payments for the debt. The Township has created only one Bond Retirement Fund to account for all the debt required to be paid for the above issues.

The Township should created separate and distinct funds for each debt issue the Township incurs. The source of revenue and payment of principal and interest for each individual debt would then be accounted for in their own individual funds.

Official's Response:

We will comply in the future.

FINDING NUMBER 2012-04

Noncompliance and Significant Deficiency - Overcompensation

Pursuant to **Ohio Revised Code § 505.24**, in calendar year 2012, in a township having a budget of more than \$3,500,001 but not more than \$6,000,000, the compensation of a township trustee shall be set at a maximum of \$12,346 annually. A township having a budget of more than \$6,000,001 but not more than \$10,000,000, the compensation of a township trustee shall be set at a maximum of \$15,998 annually.

The Township's Original Certificate of Estimated Resources and Amended Certificate of Estimated Resources as approved by the County Budget Commission, for calendar year 2012 were \$5,019,728 from January 1, 2012 through April 23, 2012 and amended to \$6,613,192 on April 24, 2012 till year end. As such, a township trustee's maximum annual salary for year 2012 was \$14,784 based on the two budget amounts approved by the County Budget Commission.

FINDING NUMBER 2012-04
(Continued)

A review of the payroll records indicated the following: trustees Susan Fields and Charles Spraque were each paid \$15,928 in 2012 for overpayments of \$1,144 respectively, each exceeding the allowed amount per Code.

A portion of the additional compensation received by Trustees Susan Fields and Charles Spraque were for payment in-lieu of the hospitalization plans in the amount of \$1,095 the Township offers pursuant to **Ohio Revised Code § 505.60 and 505.601**, which as elected officials, they would not be entitled to in that their salaries are set by statute. Trustees Fields and Spraque, were also overcompensated in error by the budget being amended on April 24, 2012, which resulted in compensation of \$49 for both Fields and Spraque over their maximum salary allowed.

The matter involving the overpayment to trustees Susan Fields and Charles Spraque were referred to the Auditor of State for resolution.

Official's Response:

See corrective action plan.

FINDING NUMBER 2012-05

Noncompliance Citation and Significant Deficiency – Negative Fund Balance

Ohio Revised Code § 5705.10 (H), provides that money paid into a fund must be used only for the purposes for which such fund was established. The Debt Service Fund had a negative fund balance as of December 31, 2012 of (\$10,091). This deficit balance indicates money from other funds was used to cover the expenditures of this fund, contrary to Ohio law.

The Township, due to the lack of available funds in the Debt Service Fund, paid a portion of a debt payment from the General Fund in December of 2012. An adjustment was made to the financial statements and the Township's accounting records to properly account for the debt transaction.

Failure to monitor budgetary activity can result in overspending and negative fund balances. The Board should monitor the Township's budgetary receipts and expenditures by have the Fiscal Officer provide budget reports monthly to be reviewed and approved by the Trustees. By regularly monitoring its budgetary position throughout the year, the Township will be better able to determine when and if amendments need to be made to original budgeted receipts thus avoiding negative fund balances. By reviewing budgetary and actual activity throughout the year, the Board will be able to determine, especially with the Debt Service Fund, why funding in this fund is not sufficient to cover the required expenditures.

Official's Response:

We will comply in the future.

FINDING NUMBER 2012-06

Transfers and Advances - Significant Deficiency

Transfers are intended to permanently reallocate money from one fund to another as authorized in ORC 5705.14 through 5705.16. Since this type of transaction will permanently change the total appropriations of funds, an amended certificate of estimated resources should be obtained from the county budget commission if the transfers were not originally anticipated and certified.

Advances are temporary loans to other funds which are ultimately going to be repaid. Advances have no effect on the budgetary process except when considering the available fund balance at the beginning of the year for any advances still outstanding at year-end.

In that the Board of Trustees acts through its resolutions and formal minutes, when the Board determines the necessity of making a transfer or advance, such action should be done by a resolution and duly noted in the minutes. The resolution shall have no more than one subject matter and should be clearly stated in its title. In regards to a resolution authorizing an advance, the resolution at a minimum should include the following:

- Amount of the Advance
- Name of the Fund loaning the money and the name of the fund receiving the money
- An estimated date of repayment (the intent a cash advance is for repayment in most instances to be repaid in the current year).

When an advance is made, the intent should be that repayment will be made within the current or succeeding year. An amended official certificate of estimated resources should be obtained to reflect the reduced fund balance in the creditor fund and the increased fund balance in the debtor fund. Any advance outstanding at the beginning of the fiscal year in which repayment is expected, an adjustment is required to the total resources available for expenditure in the creditor and debtor funds, whereas the unencumbered cash balance must be increased/decreased in the funds involved.

The Township currently does approve transfers and advances in the minutes, but are not done by a formal resolution as is required. Advances have been noted as outstanding past the next succeeding year, and the minutes do not reflect the resolve to the advances, nor was the total resources available for expenditure carryover balances properly adjusted for the funds involved. In order to be in compliance with the provisions of making either transfers or advances, the Board should adopt a formal resolution and have said resolution approved in the minutes. Advances should repaid in the current or next succeeding year, and the budgetary documents completed as required.

Further guidance can be obtained by reviewing the Ohio Township Handbook and the Ohio Compliance Supplement located on the Auditor of State webpage under Publications and Auditor of State Bulletin 97-003.

Official's Response:

We will implement this procedure in the future.

FINDING NUMBER 2012-07

Accounting Records - Material Weakness

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.

As a result of the audit procedures performed, the following errors or weaknesses were noted with the records maintained by the Township:

1. The Township records reflect check number 51642 in the amount of \$437,654 as voided, but is listed on the bank statements as clearing on November 26, 2012. A memo check, # 51659M was posted to the books as a replacement check for the one listed as voided.
2. OPWC monies of \$154,549 and \$80,671 paid directly to the vendor in 2012 on-behalf of the Township were not entered as memorandum receipts or expenditures as required.
3. Numerous reclassifications were made to properly account for the revenue sources or expenditure transactions. Time lapses occurred at times between items being recorded and banked.
4. Restatements of fund balances were made to account for lease payments being paid from the Debt Service fund without the corresponding revenue being placed into the Debt Fund to cover the expense.
5. Non Sufficient Fund checks were not removed from the accounting records when notified by the bank, specifically those received from local hotels for bed taxes.
6. Minute Records did not always list the bidders and their bids and also information for contract work that was performed for the fire department kitchen remodeling and Neville Drive/Morley Intersection did not disclose if they were let for bid.

These misstatements were caused by lack of management oversight. The reconciliations needed to be re-performed in order to determine an accurate book balance. As a result, significant adjustments and reclassifications were required to be made to the accounting records, and which the Township's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

We recommend the Township review the Ohio Township Handbook and the UAN Chart of Accounts for proper classifications of receipts and expenditures. In order to eliminate the numerous fund balance adjustments and error corrections, due care should be performed prior to making the postings to insure the accuracy of fund and object codes. Instances where monies are either received or paid on- behalf of the Township and the activity does not flow directly through the Township books, the Township should take additional care in assuring this activity does get posted to the ledgers. The Township should review the procedures outlined in Auditor of State Bulletin 2000-008 on how to properly account for on-behalf grants. Debt service funds, when required, should be established for each debt issue and/or lease agreement, with the proper authorized revenue source and expenditures being charged to each fund. Proper monthly reviews of the financial information by the Board and Fiscal Officer should be documented (initialed) so that banking and book activities are all accounted for. In that the Board speaks through its Minute Records, the Minutes should contain sufficient facts and information to permit the public to understand and appreciate the rationale behind relevant decisions.

Official's Response:

We will implement these procedures in the future.

FINDING NUMBER 2012-08

Reconciliations - Material Weakness

During the audit period, the Fiscal Officer's department did not properly reconcile the end of the month bank balances to the end of the month book balances.

The lack of accurate and timely performance of monthly bank reconciliations resulted in numerous errors which remained undetected and uncorrected until performance of the audit. These errors resulted in adjustments being made to the accounting system and financial statements to present accurate cash balances at year end.

We recommend that the Fiscal Officer or designee reconcile the month end bank balances to the cash balance per the accounting system on a monthly basis. Any items listed as adjustments to the reconciliations should be properly identified and support documentation attached to the reconciliations. Do to the size of the Township and lack of proper segregation of duties, all reconciliations should be reviewed and signed as approved, by the Board of Trustees.

Official's Response:

We will implement these procedures in the future.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	ORC 505.24 & OAG 2004-036 – Trustee's salary was paid from funds other than the General without proper documentation	Yes	
2011-02	ORC 5705.41(B) – one fund had expenditures exceed appropriations	Yes	
2011-03	ORC 5705.41(D) Invoices paid without proper prior certification	No	Repeated as Citation 2012-01
2011-04	ORC 9.38 Timely deposits	No	Repeated as Citation 2012-02
2011-05	Material weakness on properly performing monthly bank reconciliations	No	Repeated as Citation 2012-07
2011-06	Material weakness on complete and accurate accounting records	No	Repeated as Citation 2012-06
2011-07	Significant deficiency on passing a formal resolution on advances and transfers	No	Repeated as Citation 2012-05

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2012**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-01	The Township will implement procedures to assure that purchase orders are certified prior to expenditures being obligated.	December 31, 2013	John Dalziel – Fiscal officer
2012-02	Deposits will be made timely	December 31, 2013	John Dalziel – Fiscal officer
2012-03	We will review the debt agreements and create the needed funds	December 31, 2013	John Dalziel – Fiscal officer and the Board of trustees
2012-04	We will monitor budget increases and allowable compensations of elected officials.	December 31, 2013	John Dalziel – Fiscal officer and the Board of trustees
2012-05	We will monitor the budget and actual activity to avoid negative fund balances.	December 31, 2013	John Dalziel – Fiscal officer and the Board of trustees
2012-06	We will comply with passing the needed resolutions and obtaining amended certificates on advances	December 31, 2013	John Dalziel – Fiscal officer and the Board of trustees
2012-07	We will provide more due diligence in monitoring the accounting records	December 31, 2013	John Dalziel – Fiscal officer
2012-08	We will perform monthly bank reconciliations and provide the support for any adjustments needed to reconcile.	December 31, 2013	John Dalziel – Fiscal officer and the Board of trustees



Dave Yost • Auditor of State

BRIMFIELD TOWNSHIP

PORTAGE 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
JANUARY 2, 2014**