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1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358



Certified Public Accountants, A.C.

**BRUNSWICK HILLS TOWNSHIP  
MEDINA COUNTY  
Regular Audit  
For the Years Ended December 31, 2016 and 2015**

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- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

Board of Trustees  
Brunswick Hills Township  
1918 Pearl Rd  
Brunswick, OH 44212

We have reviewed the *Independent Auditor's Report* of Brunswick Hills Township, Medina County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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. Brunswick Hills Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 3, 2017

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**BRUNSWICK HILLS TOWNSHIP  
MEDINA COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

June 9, 2017

Brunswick Township  
Medina County  
1918 Pearl Road  
Brunswick, Ohio 44212

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of **Brunswick Hills Township**, Medina County, (the Township) as of and for the years ended December 31, 2016 and 2015.

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

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

### ***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 2 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Brunswick Hills Township, Medina County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2017, 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.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**BRUNSWICK HILLS TOWNSHIP  
MEDINA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 332,051	\$ 2,242,908	\$ 2,574,959
Charges for Services	-	167,057	167,057
Licenses, Permits and Fees	159,306	-	159,306
Fines and Forfeitures	15,966	-	15,966
Intergovernmental	128,886	483,225	612,111
Special Assessment	-	3,046	3,046
Earnings on Investments	3,179	200	3,379
Miscellaneous	5,314	27,177	32,491
<i>Total Cash Receipts</i>	<u>644,702</u>	<u>2,923,613</u>	<u>3,568,315</u>
<b>Cash Disbursements</b>			
Current:			
General Government	337,348	-	337,348
Public Safety	-	2,003,630	2,003,630
Public Works	216,948	526,580	743,528
Health	2,993	-	2,993
Conservation-Recreation	4,237	-	4,237
Capital Outlay	-	422,583	422,583
Debt Service:			
Principal Retirement	-	95,241	95,241
Interest and Fiscal Charges	-	14,500	14,500
<i>Total Cash Disbursements</i>	<u>561,526</u>	<u>3,062,534</u>	<u>3,624,060</u>
<i>Net Change in Fund Cash Balances</i>	83,176	(138,921)	(55,745)
<i>Fund Cash Balances, January 1</i>	<u>2,320,119</u>	<u>4,720,434</u>	<u>7,040,553</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	4,581,513	4,581,513
Assigned	299,783	-	299,783
Unassigned	2,103,512	-	2,103,512
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,403,295</u>	<u>\$ 4,581,513</u>	<u>\$ 6,984,808</u>

The accompanying notes are an integral part of the financial statements.

**BRUNSWICK HILLS TOWNSHIP  
MEDINA COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 325,808	\$ 2,231,295	\$ 2,557,103
Charges for Services	-	150,153	150,153
Licenses, Permits and Fees	152,196	-	152,196
Fines and Forfeitures	21,081	-	21,081
Intergovernmental	165,176	502,904	668,080
Special Assessment	-	3,199	3,199
Earnings on Investments	3,881	238	4,119
Miscellaneous	11,143	26,149	37,292
<i>Total Cash Receipts</i>	<u>679,285</u>	<u>2,913,938</u>	<u>3,593,223</u>
<b>Cash Disbursements</b>			
Current:			
General Government	395,594	-	395,594
Public Safety	304	1,988,216	1,988,520
Public Works	228,592	472,009	700,601
Health	3,152	-	3,152
Conservation-Recreation	4,474	-	4,474
Capital Outlay	-	1,255,139	1,255,139
Debt Service:			
Principal Retirement	-	93,018	93,018
Interest and Fiscal Charges	-	16,723	16,723
<i>Total Cash Disbursements</i>	<u>632,116</u>	<u>3,825,105</u>	<u>4,457,221</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	20,725	20,725
Transfers Out	(20,725)	-	(20,725)
Sale of Capital Assets	-	200,000	200,000
Other Debt Proceeds	-	699,715	699,715
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(20,725)</u>	<u>920,440</u>	<u>899,715</u>
<i>Net Change in Fund Cash Balances</i>	26,444	9,273	35,717
<i>Fund Cash Balances, January 1</i>	<u>2,293,675</u>	<u>4,711,161</u>	<u>7,004,836</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	4,720,434	4,720,434
Assigned	7,065	-	7,065
Unassigned	2,313,054	-	2,313,054
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,320,119</u>	<u>\$ 4,720,434</u>	<u>\$ 7,040,553</u>

The accompanying notes are an integral part of the financial statements.

**BRUNSWICK HILLS TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Brunswick Hills Township, Medina County, Ohio (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 and cemetery maintenance, police protection, fire protection and emergency medical services.

***Public Entity Risk Pool***

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

OTARMA – a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”).

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

***Basis of Presentation***

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

The Township uses funds 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. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported 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.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Police Special Levy Fund*** The police special levy fund accounts for and reports the receipt of special levy tax money to pay for the purpose of providing police protection and emergency services to the Township residents.

***Fire Special Levy Fund*** The fire special levy fund accounts for and reports the receipt of special levy tax money to pay for the purpose of providing fire protection and emergency services to the Township residents.

**BRUNSWICK HILLS TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(CONTINUED)**

***Basis of Accounting***

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

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

***Budgetary Process***

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

***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. Unencumbered appropriations lapse at year-end.

***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 approve estimated resources.

***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 reappropriated in the subsequent year.

A summary of 2016 and 2015 budgetary activity appears in Note 4.

***Deposits and Investments***

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***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.

**BRUNSWICK HILLS TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(CONTINUED)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Balance***

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

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

***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.

***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.

***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. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

***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.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire Special Levy Fund by \$403,431 for the year ended December 31, 2015.

**BRUNSWICK HILLS TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(CONTINUED)**

**Note 4 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 654,457	\$ 644,702	\$ (9,755)
Special Revenue	2,696,000	2,923,613	227,613
Total	\$ 3,350,457	\$ 3,568,315	\$ 217,858

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,232,065	\$ 589,781	\$ 642,284
Special Revenue	4,437,219	3,290,143	1,147,076
Total	\$ 5,669,284	\$ 3,879,924	\$ 1,789,360

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 659,000	\$ 679,285	\$ 20,285
Special Revenue	2,670,400	3,834,378	1,163,978
Total	\$ 3,329,400	\$ 4,513,663	\$ 1,184,263

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,261,684	\$ 642,181	\$ 619,503
Special Revenue	4,732,113	4,268,542	463,571
Total	\$ 5,993,797	\$ 4,910,723	\$ 1,083,074

**Note 5 – Deposits and Investments**

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

	2016	2015
Demand Deposits	\$6,476,831	\$6,535,281
Total Deposits	\$6,476,831	\$6,535,281
STAR Ohio	\$507,977	\$505,272
Total Investments	\$507,977	\$505,272
Total deposits and investments	\$6,984,808	\$7,040,553

**BRUNSWICK HILLS TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(CONTINUED)**

**Note 5 – Deposits and Investments (Continued)**

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Note 6 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016, 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.

**BRUNSWICK HILLS TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(CONTINUED)**

**Note 7 – Risk Management (Continued)**

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Assets	\$38,473,283	\$37,313,311
Liabilities	8,244,140	8,418,518
Net Position	\$30,229,143	\$28,894,793

At December 31, 2016 and 2015, respectively, the liabilities above include approximately \$7.4 and \$7.8 million of estimated incurred claims payable. The assets above also include approximately \$6.9 and \$7.7 million of unpaid claims to be billed to approximately 1,010 members and 989 member governments in the future, as of December 31, 2016 and 2015, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township’s share of these unpaid claims collectible in future years is approximately \$16,000.

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

<u>Contributions to OTARMA</u>	
<u>2016</u>	<u>2015</u>
\$33,013	\$31,225

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, of participants’ gross salaries. The Township has paid all contributions required through December 31, 2016.



**BRUNSWICK HILLS TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(CONTINUED)**

**Note 8 – Defined Benefit Pension Plans (Continued)**

***Social Security***

The Township's zoning board members, firefighters and fiscal officer contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Master Tax-Exempt Installment Purchase	\$511,456	2.39%
Total	\$511,456	

The Township financed the purchase of two Sutphen fire trucks in 2015. The original amount financed was \$699,715 at 2.39% interest for six years, with maturity in 2021. Payments are made from the Fire Fund.

The collateral of the loan is a general obligation and by the credit of the Township.

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

	Master Tax- Exempt Installment Purchase
Year ending December 31:	
2017	\$109,741
2018	109,741
2019	109,741
2020	109,741
2021	109,741
Total	\$548,705

**BRUNSWICK HILLS TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(CONTINUED)**

**Note 11 – Contingent Liabilities**

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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

June 9, 2017

Brunswick Hills Township  
Medina County  
1918 Pearl Rd.  
Brunswick, OH 44212

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 the cash balances, receipts and disbursements by fund type of **Brunswick Hills Township**, Medina County, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 9, 2017 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness. We consider finding 2016-001 described in the accompanying schedule of audit findings to be a material weakness.

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***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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 9, 2017.

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

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

***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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**BRUNSWICK HILLS TOWNSHIP  
MEDINA COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Material Weakness**

**Posting Receipts, Disbursements and Fund Balance Classification**

The Township should have procedures and controls in place to help prevent and detect errors in financial reporting. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2016 and 2015, receipts, disbursements and fund balance classifications were not always posted or classified correctly. The following posting and classification errors were noted:

- In 2016 and 2015, the Road and Bridge Fund balance was classified as committed rather than restricted;
- In 2015, the General Fund year end encumbrances were classified as unassigned rather than assigned;
- In 2015, the sale of a fire truck was classified as Miscellaneous instead of Sale of Capital Assets;
- In 2015, the Township did not properly record debt proceeds with a corresponding Capital Outlay disbursement;
- In 2016, State Rollback receipts were classified as Property & Other Local Taxes instead of Intergovernmental in the General, Road and Bridge, Police Special Levy and Fire Special Levy Funds.

Not posting receipts, disbursements and fund balances accurately resulted in the financial statements requiring reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all fund balances and disbursements are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

**Management’s Response** – Understand the difference between Committed and Restricted so will be corrected. Rollback done correctly second half of 2016.

**FINDING NUMBER 2016-002**

**Noncompliance**

**Ohio Revised Code, § 5705.41(B)**, provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated. In 2015, we noted expenditures exceeding appropriations in the Fire Special Levy Fund.

We recommend the Fiscal Officer and Board of Trustees review and amend appropriations whenever necessary to help reduce the possibility of expenditures exceeding appropriations, provided sufficient resources are available.

**Management’s Response** – We did not receive a response from officials to this finding.

**BRUNSWICK HILLS TOWNSHIP  
MEDINA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2014-001	Posting Receipts and Disbursements	No	Repeated as finding 2016-001



# Dave Yost • Auditor of State

**BRUNSWICK HILLS TOWNSHIP**

**MEDINA 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  
AUGUST 15, 2017**