



Dave Yost • Auditor of State

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Brimfield Township
Portage County
1333 Tallmadge Road
Kent, Ohio 44240

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 the Brimfield Township, Portage County, Ohio (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 such 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.

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, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Brimfield Township, Portage County as of December 31, 2016 and 2015, 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 July 13, 2018, 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.

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

Dave Yost
Auditor of State
Columbus, Ohio

July 13, 2018

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**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, 2016**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$ 497,384	\$ 3,008,757	\$83,306	\$0	\$3,589,447
Charges for Services	-	214,387	-	-	214,387
Licenses, Permits, and Fees	161,166	22,006	-	-	183,172
Fines and Forfeitures	-	30,249	-	-	30,249
Intergovernmental	155,549	1,293,399	-	-	1,448,948
Special Assessments	-	6,340	-	-	6,340
Miscellaneous	23,535	133,747	-	-	157,282
Total Cash Receipts	837,634	4,708,885	83,306	-	5,629,825
Cash Disbursements:					
Current:					
General Government	882,895	55,926	-	-	938,821
Public Safety	-	3,077,494	-	-	3,077,494
Public Works	-	1,071,342	-	-	1,071,342
Health	-	31,775	-	-	31,775
Conservation-Recreation	5,103	-	-	-	5,103
Other	10,823	62,161	-	-	72,984
Capital Outlay	-	25,890	-	12,070	37,960
Debt Service:					
Redemption of Principal	-	175,574	34,000	-	209,574
Interest and Other Fiscal Charges	64	61,953	1,772	-	63,789
Total Cash Disbursements	898,885	4,562,115	35,772	12,070	5,508,842
Total Receipts Over/(Under) Disbursements	(61,251)	146,770	47,534	(12,070)	120,983
Other Financing Receipts/(Disbursements):					
Advances-In	315,200	219,900	-	-	535,100
Advances-Out	(219,900)	(315,200)	-	-	(535,100)
Other Financing Uses	-	(6,000)	-	-	(6,000)
Total Other Financing Receipts/(Disbursements)	95,300	(101,300)	-	-	(6,000)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	34,049	45,470	47,534	(12,070)	114,983
Fund Cash Balance, January 1	92,592	302,466	88,146	12,070	495,274
Fund Cash Balance, December 31					
Restricted	-	347,936	135,680	-	483,616
Assigned	19,460	-	-	-	19,460
Unassigned/(Deficit)	107,181	-	-	-	107,181
Fund Cash Balance, December 31	\$126,641	\$347,936	\$135,680	\$0	\$610,257

See the accompanying notes

**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, 2016**

	Fiduciary Fund Types
	Agency
Non-Operating Receipts/Disbursements	
Other Financing Sources	\$96,113
Other Financing Uses	(92,314)
	3,799
Total Non-Operating Receipts/Disbursements	3,799
Income/(Loss)	3,799
Fund Cash Balance, January 1	11,676
Fund Cash Balance, December 31	\$15,475

See the accompanying notes

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of 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 10 and 11 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 \$72,332 in 2016, 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 \$652,156 in 2016, 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, 2016**

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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

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:

Special Levy Fire Fund – This fund receives property tax money for the support of the Fire Department for the Township.

Ambulance and Emergency Medical Fund – This fund receives property tax money as well as charges for services to support services provided to the residents of the Township.

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

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

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

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. 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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

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

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for a tax on the gross income of the hotels and motels in the area, of which the Township remits twenty-five percent to the Central Portage County Visitors and Convention Bureau.

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

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.

A summary of 2016 budgetary activity appears in Note 3.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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.

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.

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.

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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$949,001	\$1,152,834	\$203,833
Special Revenue	4,848,323	4,928,785	80,462
Debt Service	83,306	83,306	0
Capital Project	0	0	0
Total	\$5,880,630	\$6,163,925	\$284,295

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$1,127,422	(\$1,127,422)
Special Revenue	0	4,692,500	(4,692,500)
Debt Service	0	42,597	(42,597)
Capital Project	0	12,070	(12,070)
Total	\$0	\$5,874,589	(\$5,874,589)

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

Appropriation authority amounts are as approved by the Board of Trustees.

4. Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was \$625,732.

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

5. 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.

6. DEBT

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
G.O. Bonds- Land Acquisition	\$41,366	2.50%
USDA Loan - Police Building	1,365,500	3.375%
USDA Loan - Fire Truck	256,300	3.50%
Total	<u><u>\$1,663,166</u></u>	

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 bears 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 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.

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Principal and interest requirements to retire the debt outstanding at December 31, 2016, are as follows:

Year Ended December 31,	USDA - Police Station		
	Principal	Interest	Total
2017	\$33,600	\$47,186	\$80,786
2018	34,800	46,086	80,886
2019	35,900	43,777	79,677
2020	37,100	42,566	79,666
2021	38,500	41,313	79,813
2022-42	1,185,600	498,476	1,684,076
Total	<u>\$1,365,500</u>	<u>\$719,404</u>	<u>\$2,084,904</u>

Year Ended December 31,	Land Acquisition Bond			USDA - Fire Truck		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$34,000	\$803	\$34,803	\$39,100	\$8,971	\$48,071
2018	7,366	90	7,456	40,500	7,602	48,102
2019	-	-	-	42,500	6,185	48,185
2020	-	-	-	134,700	9,542	144,242
2021	-	-	-	-	-	-
2021-22	-	-	-	-	-	-
Total	<u>\$41,366</u>	<u>\$893</u>	<u>\$42,259</u>	<u>\$256,800</u>	<u>\$32,300</u>	<u>\$289,100</u>

7. CAPITAL LEASES

During 2014, the Township entered into a lease/purchase for a Road Machine, in the amount of \$56,673 for 5 years.

During 2015, the Township entered into a lease/purchase for a Ford F-150, in the amount of \$30,909 for 3 years at 3.834%.

During 2016, the Township entered into a lease/purchase for a Ford F-350, in the amount of \$187,250 for 5 years at 3.17%.

The following is a schedule of the future minimum lease payments required under the capital lease.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

Year Ended December 31,	Ford F-150	Ford F-350	Road Machine
2017	\$ 10,734	\$ 39,963	\$ 11,579
2018	-	39,963	11,580
2019	-	39,963	11,580
2020	-	39,963	-
Total	10,734	159,852	34,739
Less: Amount Representing Interest	403	12,071	2,836
Present Value of Minimum Lease Payments	<u>\$10,331</u>	<u>\$147,781</u>	<u>\$31,903</u>

8. RETIREMENT SYSTEMS

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. 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.

Ohio Police and Fire Retirement System

The Township's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2016.

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer 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, and OP&F contributes 0.5 percent to fund these benefits.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

10. 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) is appointed to govern the District. The Township and City 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>
2009-2011	0.75%
2012-2014	1.00%
2015-2018	1.25%
2019-2021	1.50%
2022-2024	1.75%
2025-2028	2%

The City of Kent administers, collects and enforces the income tax on behalf of the District.

Under the terms of the agreement, the Township establishes 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.

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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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) is 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 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. The split shall be 55 percent for Tallmadge and 45 percent for Brimfield Township. The City and Township will each contribute 5% of the total (1/2 of the 10% MCI Fund) JEDD funds to be designated for the "Maintenance and Capital Improvement Fund", to be administered by the Township and used in the JEDD area of the Township. The intent is that 10% of the total JEDD revenue collected be contributed equally, 1/2 by Tallmadge, and 1/2 by Brimfield.

The City of Tallmadge administers, collects and enforces the income tax on behalf of the District.

11. 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 the 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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2015, and 2016, for comparison purposes:

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

At December 31, 2016 and 2015, respectively, liabilities noted above include approximately \$7.4 million and \$7.8 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million 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 \$26,000.

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>	
2016	\$57,135
2015	\$51,013

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 contribution. Withdrawing members have no other future obligations 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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

12 - CONTINGENCIES

The Township is party to legal proceedings seeking damages due to breach of contract regarding a purchase agreement for approximately 1.7 acres of land. The approximate exposure cannot be determined at this time but should the Township be compelled to proceed with the contract, the purchase price would be \$377,500. The matter is currently in the Court of Appeals.

**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, 2015**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$ 549,030	\$ 2,582,296	\$83,705	\$0	\$3,215,031
Charges for Services	-	220,211	-	-	220,211
Licenses, Permits, and Fees	148,328	23,089	-	-	171,417
Fines and Forfeitures	-	41,304	-	-	41,304
Intergovernmental	145,378	1,187,298	-	-	1,332,676
Special Assessments	-	6,714	-	-	6,714
Miscellaneous	79,759	141,835	-	-	221,594
Total Cash Receipts	922,495	4,202,747	83,705	-	5,208,947
Cash Disbursements:					
Current:					
General Government	924,638	37,063	-	-	961,701
Public Safety	-	3,079,288	-	-	3,079,288
Public Works	-	720,052	-	-	720,052
Health	9,000	37,653	-	-	46,653
Conservation-Recreation	14,342	-	-	-	14,342
Other	1,511.00	34,503	-	-	36,014
Capital Outlay	2,849	14,927	-	-	17,776
Debt Service:					
Redemption of Principal	9,344	169,077	34,000	-	212,421
Interest and Other Fiscal Charges	2,235	64,445	2,493	-	69,173
Total Cash Disbursements	963,919	4,157,008	36,493	-	5,157,420
Total Receipts Over/(Under) Disbursements	(41,424)	45,739	47,212	-	51,527
Other Financing Receipts/(Disbursements):					
Advances-In	750,080	741,400	-	-	1,491,480
Advances-Out	(741,400)	(750,080)	-	-	(1,491,480)
Other Financing Uses	-	(9,178)	-	-	(9,178)
Total Other Financing Receipts/(Disbursements)	8,680	(17,858)	-	-	(9,178)
Special Item	82	-	-	-	82
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(32,662)	27,881	47,212	-	42,431
Fund Cash Balance, January 1	125,254	274,585	40,934	12,070	452,843
Fund Cash Balance, December 31					
Restricted	-	302,466	88,146	12,070	402,682
Assigned	58,064	-	-	-	58,064
Unassigned/(Deficit)	34,528	-	-	-	34,528
Fund Cash Balance, December 31	\$92,592	\$302,466	\$88,146	\$12,070	\$495,274

See the accompanying notes

**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, 2015**

	<u>Fiduciary Fund Types</u>		<u>Totals</u>
	<u>Agency</u>	<u>Private Purpose Trust</u>	<u>(Memorandum Only)</u>
Operating Cash Disbursements:			
Other	\$ -	\$ 2,698	\$ 2,698
Total Operating Cash Disbursements	-	2,698	2,698
Operating Income/(Loss)	-	(2,698)	(2,698)
Non-Operating Receipts/Disbursements			
Other Financing Sources	97,001	-	97,001
Other Financing Uses	(116,068)	-	(116,068)
Total Non-Operating Receipts/Disbursements	(19,067)	-	(19,067)
Income/(Loss)	(19,067)	(2,698)	(21,765)
Fund Cash Balance, January 1	30,743	2,698	33,441
Fund Cash Balance, December 31	\$11,676	\$0	\$11,676

See the accompanying notes

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of 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 10 and 11 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 \$69,104 in 2015, 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 \$543,851 in 2015, 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, 2015**

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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

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:

Special Levy Fire Fund – This fund receives property tax money for the support of the Fire Department for the Township.

Ambulance and Emergency Medical Fund – This fund receives property tax money as well as charges for services to support services provided to the residents of the Township.

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

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

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

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. 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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

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

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust funds are for the benefit of certain individuals as they are cemetery bequest funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for a tax on the gross income of the hotels and motels in the area, of which the Township remits twenty-five percent to the Central Portage County Visitors and Convention Bureau.

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

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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

A summary of 2015 budgetary activity appears in Note 3.

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.

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.

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.

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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$816,425	\$1,672,657	\$856,232
Special Revenue	4,392,685	4,944,147	551,462
Debt Service	83,705	83,705	0
Capital Project	0	0	0
Total	\$5,292,815	\$6,700,509	\$1,407,694

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,160,078	\$1,761,872	(\$601,794)
Special Revenue	4,316,932	4,974,222	(657,290)
Debt Service	126,428	36,753	89,675
Capital Project	12,070	0	12,070
Total	\$5,615,508	\$6,772,847	(\$1,157,339)

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

Appropriation authority amounts are as approved by the Board of Trustees.

4. Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was \$506,950.

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

5. 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.

6. DEBT

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
G.O. Bonds- Land Acquisition	\$75,366	2.50%
USDA Loan - Police Building	1,398,100	3.375%
USDA Loan - Fire Truck	294,100	3.50%
Total	<u>\$1,767,566</u>	

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 bears 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 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.

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

Principal and interest requirements to retire the debt outstanding at December 31, 2015, are as follows:

Year Ended December 31,	USDA - Police Station		
	Principal	Interest	Total
2016	\$32,600	\$47,186	\$79,786
2017	33,600	46,086	79,686
2018	34,800	44,952	79,752
2019	35,900	43,777	79,677
2020	37,100	42,566	79,666
2021-42	1,224,100	529,789	1,753,889
Total	\$1,398,100	\$754,356	\$2,152,456

Year Ended December 31,	Land Acquisition Bond			USDA - Fire Truck		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$34,000	\$1,633	\$35,633	\$37,800	\$10,294	\$48,094
2017	34,000	803	34,803	39,100	8,971	48,071
2018	7,366	90	7,456	40,500	7,602	48,102
2019	-	-	-	42,000	6,185	48,185
2020	-	-	-	43,300	4,715	48,015
2021-22	-	-	-	91,400	4,827	96,227
Total	\$75,366	\$2,526	\$77,892	\$294,100	\$42,594	\$336,694

7. CAPITAL LEASES

During 2013, the Township entered into a lease/purchase for a mini excavator, in the amount of \$19,559 for 3 years at 2.3%.

During 2014, the Township entered into a lease/purchase for Police Crusiers and a Road Machine, in the amount of \$150,000 and \$56,673 for 2 and 5 years, respectively.

During 2015, the Township entered into a lease/purchase for a Ford F-150, in the amount of \$30,909 for 3 years at 3.834%.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

The following is a schedule of the future minimum lease payments required under the capital lease.

Year Ended December 31,	Mini Excavator Lease	Ford F-150	Police Vehicles	Road Machine
2016	\$ 6,825	\$ -	\$ 51,278	\$ 11,579
2017	-	10,734	-	11,579
2018	-	-	-	11,580
2019	-	-	-	11,580
Total	6,825	10,734	51,278	46,318
Less: Amount Representing Interest	155	403	1,289	4,662
Present Value of Minimum Lease Payments	<u>\$6,670</u>	<u>\$10,331</u>	<u>\$49,989</u>	<u>\$41,656</u>

8. RETIREMENT SYSTEMS

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. 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, 2015.

Ohio Police and Fire Retirement System

The Township’s certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time police members’ wages and 24% of full-time fire fighters’ wages, respectively. The Township has paid all contributions required through December 31, 2015.

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer 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, and OP&F contributes 0.5 percent to fund these benefits.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

10. 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) is appointed to govern the District. The Township and City 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>
2009 - 2011	0.75%
2012-2014	1.00%
2015-2018	1.25%
2019-2021	1.50%
2022-2024	1.75%
2025-2028	2.00%

The City of Kent administers, collects and enforces the income tax on behalf of the District.

Under the terms of the agreement, the Township establishes 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.

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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

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) is 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 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. The income tax will be collected and shared as follows:

1. The split shall be 55 percent for Tallmadge and 45 percent for Brimfield Township. The City and Township will each contribute 5% of the total (1/2 of the 10% MCI Fund) JEDD funds to be designated for the "Maintenance and Capital Improvement Fund", to be administered by the Township and used in the JEDD area of the Township. The intent is that 10% of the total JEDD revenue collected be contributed equally, 1/2 by Tallmadge, and 1/2 by Brimfield.

The City of Tallmadge administers, collects and enforces the income tax on behalf of the District.

11. 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 the 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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

At December 31, 2015, 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.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014, and 2015, for comparison purposes:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	<u>(8,418,518)</u>	<u>(8,912,432)</u>
Net Position	<u>\$28,894,793</u>	<u>\$27,057,831</u>

At December 31, 2015 and 2014, respectively, liabilities noted above include approximately \$7.8 million and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 million and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$27,000.

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>	
2015	\$51,013
2014	49,270

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 contribution. Withdrawing members have no other future obligations 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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

12 - CONTINGENCIES

The Township is party to legal proceedings seeking damages due to breach of contract regarding a purchase agreement for approximately 1.7 acres of land. The approximate exposure cannot be determined at this time but should the Township be compelled to proceed with the contract, the purchase price would be \$377,500. The matter is currently in the Court of Appeals.



Dave Yost • Auditor of State

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

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 the cash balances, receipts and disbursements by fund type of Brimfield Township, Portage 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 July 13, 2018.

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 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 first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2016-001 through 2016-004 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. 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 2016-001, 2016-002 and 2016-005.

Township's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

July 13, 2018

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

1. Ohio Rev. Code § 5705.41(B)

<i>Finding Number</i>	2016-001
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NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code § 5705.41(B) provides that no subdivision or taxing unit is to expend money unless it has been appropriated. Budgetary expenditures (that is, disbursements and encumbrances) as enacted by the Township may not exceed appropriations at the legal level for all funds.

During fiscal year 2015, expenditures exceeded appropriations in the General Fund and all Special Revenue Funds by \$638,862 and \$657,434, respectively.

During fiscal year 2016, expenditures exceeded appropriations in total for all funds by \$6,144,583 which was caused by the Township not approving their 2016 final appropriations. The appropriation authority included in the budgetary activity footnote was based on budgeted disbursements entered into the Township's accounting system, resulting in overstatements of appropriations reported for each opinion unit. The budgetary activity footnote was corrected for this error.

The Township had no reliable management oversight procedures or policies in place to ensure compliance with the Ohio Revised Code guidelines.

The Township should monitor appropriations and expenditures in all funds that are legally required to be budgeted to help ensure compliance with the above requirements.

Official's Response: The Fiscal Office has implemented internal procedures to ensure compliance with the Ohio Revised Code guidelines. Both the Fiscal Officer and Assistant to the Fiscal Officer will review.

2. Debt Classification Errors

<i>Finding Number</i>	2016-002
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NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code § 5705.05 provides "the purpose and intent of the general levy for current expenses is to provide one general operating fund derived from taxation from which any expenditures for current expenses of any kind may be made. The taxing authority of a political subdivision may include in such levy the amounts required for carrying into effect any of the general or special powers granted by law to such subdivision, including the acquisition or construction of permanent improvements and the payment of judgments, but excluding the payment of debt charges and, in the case of counties, the construction, reconstruction, resurfacing, or repair of roads and bridges."

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

During 2015 the Township made two land acquisition payments, totaling \$34,000 in principal and \$2,493 in interest, from the General Fund due to a lack of funds in the Debt Service Fund from which the payments should have been made. This resulted in overstatements of principal retirement and interest in the General Fund and understatements of principal retirement and interest in the Debt Service Fund totaling \$36,493. The financial statements were adjusted to correct for this error.

The Township has various debt obligations which require separate and distinct funds be established for repayment of the debt. However, the Township currently has only one Debt Service Fund which is used to repay principal and interest for all debt obligations.

Additionally, the following classification errors were noted related to the Township's debt service disbursements:

2015

- Principal retirement and interest on a police cruiser debt service payment was improperly classified in the accounting system as principal retirement in the Special Police Levy Fund (2292) rather than as principal retirement and interest in the Law Enforcement Trust Fund (2261). This resulted in an overstatement in principal retirement in the Special Police Levy Fund totaling \$7,149 and understatements of principal retirement totaling \$5,882 and interest totaling \$1,267 in the Law Enforcement Trust Fund.
- Principal retirement and interest on a Ford F-150 debt service payment was improperly classified as capital outlay in the accounting system resulting in an overstatement of capital outlay in the amount of \$10,734 and understatements of principal retirement and interest in the amounts of \$10,635 and \$99, respectively, in the Special Fire Levy Fund (2191).
- Principal retirement and interest on a Ford F-150 debt service payment was improperly classified as capital outlay in the accounting system resulting in an overstatement of capital outlay in the amount of \$10,734 and understatements of principal retirement and interest in the amounts of \$9,943 and \$791, respectively, in the Ambulance and EMS Fund (2281).
- Principal retirement and interest on a fire truck debt service payment was improperly classified as capital outlay in the accounting system resulting in an overstatement of capital outlay in the amount of \$48,071 and understatements of principal retirement and interest in the amounts of \$36,500 and \$11,571, respectively, in the Special Fire Levy Fund (2191). The financial statements were adjusted to correct for this error.

2016

- Principal retirement and interest on a police cruiser debt service payment was improperly classified as highway expense in the Brimfield-Tallmadge JEDD Fund (2193) rather than as debt service disbursements in the Law Enforcement Trust Fund (2261). This resulted in an overstatement of Public Works - highway expense in the amount of \$23,230 in the Brimfield-Tallmadge JEDD Fund and understatements of principal retirement totaling \$21,941 and interest totaling \$1,289 in the Law Enforcement Trust Fund.
- Principal retirement and interest on a fire truck debt service payment was improperly recorded in the Debt Service Fund (3101) rather than the Special Fire Levy Fund (2191). This resulted in overstatements of principal and interest in the Debt Service Fund and understatements of principal and interest in the Special Fire Levy Fund totaling \$37,800 and \$10,294, respectively. The financial statements were adjusted to correct for this error.

- Principal retirement and interest on a police department building debt service payment was improperly recorded in the Debt Service Fund (3101) rather than the Special Police Levy Fund (2192). This resulted in overstatements of principal and interest in the Debt Service Fund and understatements of principal and interest in the Special Police Levy Fund totaling \$32,600 and \$47,186, respectively. The financial statements were adjusted to correct for this error.
- Principal retirement and interest on a mini excavator debt service payment was improperly recorded in the Debt Service Fund (3101) rather than the Road and Bridge Fund (2031). In addition, the principal and interest portions of the payment did not agree to the amortization schedule. This resulted in overstatements of principal and interest in the Debt Service Fund and understatements of principal and interest in the Road and Bridge Fund totaling \$6,371, \$454, \$6,670 and \$155, respectively. The financial statements were adjusted to correct for this error.

In addition to the adjustments listed above, we also identified additional misstatements during 2015 and 2016 ranging from \$148 to \$410 which we have brought to the Township's attention.

Lastly, both 2015 and 2016 financial statement footnote disclosures related to capital leases excluded information on new leases entered into during 2015 for a Ford F-150 truck and 2016 for a Ford F-350 truck.

The Township had no management oversight procedures or policies in place to ensure debt is accurately reflected on the Township's ledgers or disclosed within the notes to the financial statements.

In order to help ensure proper monitoring, accurate recording and reporting of all debt activity, the Township should implement the following procedures:

- The Township should make payments only from the approved fund from which payments are to be made and debt service payments should be classified as redemption of principal or interest and other fiscal charges.
- All debt activity should be captured and accurately reflected in the notes to the financial statements.
- Establish a new fund or account to properly monitor the debt issuances as required by the related debt agreements.

Official's Response: The Fiscal Office has implemented internal procedures to ensure compliance with classifying suggestions and will review. Both the Fiscal Officer and Assistant to the Fiscal Officer will review.

3. Receipt Classification Errors

<i>Finding Number</i>	2016-003
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MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Township had the following misclassification of receipts:

2015:

- Misclassification of JEDD receipts resulted in an overstatement of Special Revenue Property and Other Local Taxes and an understatement of Intergovernmental Revenue totaling \$92,954.
- Misclassification of Motor Vehicle License Tax receipts resulted in an overstatement of Special Revenue Property and Other Local Taxes and an understatement of Intergovernmental Revenue totaling \$61,078.
- Misclassification of Homestead and Rollback receipts resulted in an overstatement of General Fund Property and Other Local Taxes and an understatement of Intergovernmental Revenue totaling \$31,477.
- Misclassification of Homestead and Rollback receipts resulted in an overstatement of Special Revenue Property and Other Local Taxes and an understatement of Intergovernmental Revenue totaling \$347,087.
- Misclassification of JEDD receipts resulted in an overstatement of General Fund Miscellaneous Revenue and an understatement of Intergovernmental Revenue totaling \$51,147.
- Misclassification of JEDD receipts resulted in an overstatement of Special Revenue Fund Miscellaneous Revenue and an understatement of Intergovernmental Revenue totaling \$458,854.
- Misclassification of School Resource Officer receipts resulted in an overstatement of Special Revenue Fund Miscellaneous Revenue and an understatement of Intergovernmental Revenue totaling \$60,000.
- Misclassification of Bed Tax receipts resulted in an overstatement of General Fund Licenses, Permits and Fees Revenue and an understatement of Permissive Sales Tax Revenue totaling \$31,488.
- Misclassification of a Lease Buyout receipt resulted in an overstatement of General Fund Licenses, Permits and Fees Revenue and an understatement of Miscellaneous Revenue totaling \$44,280.

2016:

- Misclassification of JEDD receipts resulted in an overstatement of General Fund Property and Other Local Taxes and an understatement of Intergovernmental Revenue totaling \$65,524.
- Misclassification of JEDD receipts resulted in an overstatement of Special Revenue Property and Other Local Taxes and an understatement of Intergovernmental Revenue totaling \$72,449.
- Misclassification of Motor Vehicle License Tax receipts resulted in an overstatement of Special Revenue Property and Other Local Taxes and an understatement of Intergovernmental Revenue totaling \$92,891.
- Misclassification of Homestead and Rollback receipts resulted in an overstatement of General Fund Property and Other Local Taxes and an understatement of Intergovernmental Revenue totaling \$31,875.
- Misclassification of Homestead and Rollback receipts resulted in an overstatement of Special Revenue Property and Other Local Taxes and an understatement of Intergovernmental Revenue totaling \$361,063.

- Misclassification of EMS receipts resulted in an overstatement of Special Revenue Property and Other Local Taxes and an understatement of Charges for Services totaling \$3,855.
- Misclassification of JEDD receipts resulted in an overstatement of Special Revenue Fund Miscellaneous Revenue and an understatement of Intergovernmental Revenue totaling \$401,900.
- Misclassification of School Resource Officer receipts resulted in an overstatement of Special Revenue Fund Miscellaneous Revenue and an understatement of Intergovernmental Revenue totaling \$37,568.

The Township had no management oversight procedures or policies in place to ensure receipts are properly classified.

The financial statements have been adjusted to reflect reclassification of these errors.

To help ensure complete and accurate financial reporting, the Fiscal Officer should closely monitor all receipts to ensure amounts are posted to the proper accounts. In addition, the Fiscal Officer should refer to the Ohio Township Handbook to help ensure proper accounts are being used.

Official's Response: The Fiscal Office will try to comply with classifying suggestions and will review. Both the Fiscal Officer and Assistant to the Fiscal Officer will review.

4. **Segregation of Duties**

<i>Finding Number</i>	2016-004
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MATERIAL WEAKNESS

Segregation of duties provides two significant benefits: (1) a deliberate fraud is more difficult because it requires collusion of two or more persons and (2) it is more likely an error will be detected.

Proper segregation of duties is not possible when only one or two people handle all four aspects of the internal control cycle, (record keeping, authorization, custody and reconciliation.)

The Township's over the counter receipts, payroll and nonpayroll disbursement cycles have only one or two individuals responsible for all four internal control components for each cycle. The Township relies on one employee to record all financial transactions (receipts, payroll and nonpayroll).

This lack of segregation of duties might lead to fraud, theft, or errors going undetected.

Due to the size of the Township, segregating every function may not be financially feasible, however, careful consideration of which functions needs to be separated should be completed. The Board of Trustees should review their procedures and where possible take steps to include involvement of employees from other departments to handle one of the functions, levels of approval and review of the record keeping, authorization, custody, and reconciliation of accounts.

In addition, for those cycles for which segregation of duties is not possible, the Board of Trustees should enact additional monitoring controls. The Board of trustees should take an active role in the operations of the Township, including, review of monthly reconciliations, budget v. actual reports, and review of receipt and disbursement ledgers. Implementation of these procedures may help strengthen internal control over the entire financial reporting cycle and help create a culture of accountability and assist in protecting the Township from unnecessary loss and errors.

Official's Response: I, as the Fiscal Officer, review all PO's, warrant's and monthly bank reconciliations prior to them being released. All payroll expenditures are released by me after review via Chase Bank. All annual budgets are created by me each year and internally review against expenditures throughout the fiscal year for accuracy.

5. **Finding for Recovery - Public Funds Illegally Expended - Repaid Under Audit**

<i>Finding Number</i>	2016-005
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NONCOMPLIANCE

The Township's Fire Chief, Craig Mullaly, received 25 bi-weekly payments during 2016 that were calculated using his 2017 contracted salary. This resulted in overpayments totaling \$2,526 during 2016.

Additionally he received three bi-weekly payments in 2017 that were calculated using his 2018 contracted salary. This resulted in overpayments totaling \$413 during 2017. These overpayments were the result of data input errors which went unrecognized until review under audit. Overpayments for both years aggregate to \$2,939.

Reimbursement of overpayments was made in full from the Fire Chief and recorded by the Township during 2017.

The Township should review changes to employee pay rates in order to verify that rates entered into the payroll system agree to contracted rates in effect. This should be performed prior to processing payroll in order to avoid overpayments.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Craig Mullaly in the amount of \$2,939.

This finding is considered repaid under audit.

Official's Response: Procedures of review are in place.

Brimfield Township Fiscal Office

1333 Tallmadge Road
Kent, OH 44240

Phone: 330-677-3688
Fax: 330-230-9200
Email: jdalziel@brimfieldohio.gov



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Repeated from 2013-001. Ohio Rev. Code Section 5705.05 – Debt activity paid from the general fund instead of the bond retirement fund.	Not Corrected	Repeated as Finding 2016-002.
2014-002	Repeated from 2013-005. Receipt Classification posting errors.	Not Corrected	Repeated as Finding 2016-003.
2014-003	Fund Balance Adjustments – reduction of fund balance errors.	Fully Corrected	Finding no longer valid.
2014-004	Finding for Recovery - Public Funds Illegally Expended - payroll overpayment error.	Fully Corrected	Finding no longer valid.
2014-005	Finding for Adjustment - Ohio Rev. Code Section 5705.10 – Salary related posting errors.	Fully Corrected	Finding no longer valid.

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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
AUGUST 14, 2018**