



**BRUNSWICK HILLS TOWNSHIP
MEDINA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BRUNSWICK HILLS TOWNSHIP
MEDINA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Brunswick Hills Township
Medina County
1918 Pearl Road
Brunswick, Ohio 44212

To the Board of Trustees:

We have audited the accompanying financial statements of Brunswick Hills Township, Medina County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

Jim Petro
Auditor of State

March 15, 2002

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**BRUNSWICK HILLS TOWNSHIP
MEDINA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$132,950	\$1,010,603		\$1,143,553
Intergovernmental	186,682	249,476		436,158
Special Assessments		1,876		1,876
Licenses, Permits, and Fees	27,165			27,165
Fines, Forfeitures, and Penalties	45,859			45,859
Earnings on Investments	19,777	1,625		21,402
Other Revenue	11,498	17,298		28,796
				<u>28,796</u>
 Total Cash Receipts	 423,931	 1,280,878		 1,704,809
				<u>1,704,809</u>
Cash Disbursements:				
Current:				
General Government	251,429			251,429
Public Safety		768,090		768,090
Public Works	4,820	324,515		329,335
Health	2,069			2,069
Debt Service:				
Redemption of Principal		54,400	\$35,000	89,400
Interest and Fiscal Charges		4,894	8,351	13,245
Capital Outlay	24,191	728,905		753,096
				<u>753,096</u>
 Total Cash Disbursements	 282,509	 1,880,804	 43,351	 2,206,664
				<u>2,206,664</u>
 Total Receipts Over/(Under) Disbursements	 141,422	 (599,926)	 (43,351)	 (501,855)
				<u>(501,855)</u>
Other Financing Receipts/(Disbursements):				
Proceeds of Notes		495,000		495,000
Transfers-In		95,000	43,351	138,351
Transfers-Out	(138,351)			(138,351)
				<u>(138,351)</u>
 Total Other Financing Receipts/(Disbursements)	 (138,351)	 590,000	 43,351	 495,000
				<u>495,000</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 3,071	 (9,926)		 (6,855)
				<u>(6,855)</u>
 Fund Cash Balances, January 1	 115,143	 336,421		 451,564
				<u>451,564</u>
 Fund Cash Balances, December 31	 \$118,214	 \$326,495	 \$0	 \$444,709
				<u>\$444,709</u>
 Reserve for Encumbrances, December 31	 \$573	 \$2,929	 \$0	 \$3,502
				<u>\$3,502</u>

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

**BRUNSWICK HILLS TOWNSHIP
MEDINA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$156,330	\$944,247		\$1,100,577
Intergovernmental	208,839	233,176		442,015
Special Assessments		1,345		1,345
Licenses, Permits, and Fees	23,502			23,502
Fines, Forfeitures, and Penalties	36,385			36,385
Earnings on Investments	25,108	3,730		28,838
Other Revenue	11,901	5,568		17,469
	<u>462,065</u>	<u>1,188,066</u>		<u>1,650,131</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	208,501			208,501
Public Safety	28,086	697,062		725,148
Public Works	4,145	239,629		243,774
Health	4,280			4,280
Debt Service:				
Redemption of Principal		112,800	\$35,000	147,800
Interest and Fiscal Charges		6,122	10,583	16,705
Capital Outlay		26,211		26,211
	<u>245,012</u>	<u>1,081,824</u>	<u>45,583</u>	<u>1,372,419</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>217,053</u>	<u>106,242</u>	<u>(45,583)</u>	<u>277,712</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		23,400	45,583	68,983
Advances-In	563	563		1,126
Transfers-Out	(68,983)			(68,983)
Advances-Out	(563)	(563)		(1,126)
	<u>(68,983)</u>	<u>23,400</u>	<u>45,583</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	148,070	129,642		277,712
Fund Cash Balances, January 1	(32,927)	206,779		173,852
Fund Cash Balances, December 31	<u>\$115,143</u>	<u>\$336,421</u>	<u>\$0</u>	<u>\$451,564</u>
Reserve for Encumbrances, December 31	<u>\$577</u>	<u>\$89,494</u>	<u>\$0</u>	<u>\$90,071</u>

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

**BRUNSWICK HILLS TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Brunswick Hills Township, Medina County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three member Board of Trustees. The Township provides general government services, including zoning, safety services, and police protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Investments in STAR Ohio are recorded at share values reported by the State Treasurer.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**BRUNSWICK HILLS TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

Police District Fund - This fund receives real estate and property tax money to provide police protection to Township residents.

Fire District Fund - This fund receives real estate and property tax money to provide fire protection to Township residents.

3. Debt Service Fund

This fund is used to account for resources for the payment of note indebtedness.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**BRUNSWICK HILLS TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$169,994	\$130,420
Certificates of deposit		200,000
Total deposits	169,994	330,420
STAR Ohio	274,715	121,144
Total deposits and investments	\$444,709	\$451,564

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) 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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$371,969	\$423,931	\$51,962
Special Revenue	1,792,400	1,870,878	78,478
Debt Service	43,400	43,351	(49)
Total	\$2,207,769	\$2,338,160	\$130,391

**BRUNSWICK HILLS TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$445,000	\$421,433	\$23,567
Special Revenue	1,962,350	1,883,733	78,617
Debt Service	43,400	43,351	49
Total	<u>\$2,450,750</u>	<u>\$2,348,517</u>	<u>\$102,233</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$398,689	\$462,628	\$63,939
Special Revenue	1,165,350	1,212,029	46,679
Debt Service	47,000	45,583	(1,417)
Total	<u>\$1,611,039</u>	<u>\$1,720,240</u>	<u>\$109,201</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$331,500	\$315,135	\$16,365
Special Revenue	1,277,250	1,171,881	105,369
Debt Service	47,000	45,583	1,417
Total	<u>\$1,655,750</u>	<u>\$1,532,599</u>	<u>\$123,151</u>

4. PROPERTY TAX

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

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

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

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

**BRUNSWICK HILLS TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Police Station Construction Note	\$96,000	6.375%
Snow Plow Note	7,200	5.500%
Aerial Ladder Truck Note	495,000	5.000%
Total	\$598,200	

The Police Station Construction note was used for financing a portion of the cost of constructing, furnishing and equipping the police administration building and will be paid out of the Debt Service Fund using the general operating revenues of the Township.

The Snow Plow note was used to purchase a snow plow and required attachments and will be paid using Road and Bridge, Gas Tax and Motor Vehicle License Tax Fund revenues.

The Aerial Ladder Truck note was used for the purchase of an aerial ladder truck for the Township Fire Department and will be paid with levy monies collected annually sufficient to pay interest and principal.

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

Year ending December 31:	Police Station Construction Note	Snow Plow Note	Aerial Ladder Truck Note
2002	\$41,120	\$7,402	\$76,587
2003	33,889		76,587
2004	32,976		76,587
2005			76,587
2006			76,587
2007 – 2009			229,762
Total	\$107,985	\$7,402	\$612,697

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**BRUNSWICK HILLS TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RISK MANAGEMENT

Risk Pool Membership

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 insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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

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:

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$22,684,383	\$18,172,222
Liabilities	<u>8,924,977</u>	<u>5,947,013</u>
Retained earnings	<u>\$13,759,406</u>	<u>\$12,225,209</u>
<u>Property Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$4,156,784	\$3,544,437
Liabilities	<u>497,831</u>	<u>674,752</u>
Retained earnings	<u>\$3,658,953</u>	<u>\$2,869,685</u>

**BRUNSWICK HILLS TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Brunswick Hills Township
Medina County
1918 Pearl Road
Brunswick, Ohio 44212

To the Board of Trustees:

We have audited the accompanying financial statements of Brunswick Hills Township, Medina County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 15, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 15, 2002

**BRUNSWICK HILLS TOWNSHIP
MEDINA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid, Explain
1999-40952-001	Ohio Rev. Code 5705.14(D) - Certification of available resources for expenditures.	Yes	
1999-40952-002	Ohio Rev. Code Section 5705.14 - Fund transfers were not approved by the Trustees.	Yes	
1999-40952-003	Ohio Rev. Code Section 57050.41(B) - Expenditures in excess of appropriations.	Yes	
1999-40952-004	Ohio Admin. Code Section 117-3-111 - An appropriations ledger was not maintained.	Yes	
1999-40952-005	Ohio Rev. Code Section 5705.10 - Negative cash fund balances in certain funds.	Yes	
1999-40952-006	Ohio Rev. Code Section 5705.39 - Appropriations in excess of estimated resources.	Yes	
1999-40952-007	There were unreconciled differences in the monthly bank reconciliations.	Yes	
1999-40952-008	Financial activity was not monitored by the Trustees.	Yes	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
APRIL 9, 2002**