



Mary Taylor, CPA
Auditor of State

**BROOKFIELD TOWNSHIP
NOBLE COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Cover Letter | 1 |
| Independent Accountants' Report..... | 3 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006..... | 5 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005..... | 6 |
| Notes to the Financial Statements | 7 |
| Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 13 |
| Schedule of Findings..... | 15 |

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

Brookfield Township
Noble County
11544 Township Road 92
Cumberland, Ohio 43732

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 10, 2007

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Brookfield Township
Noble County
11544 Township Road 92
Cumberland, Ohio 43732

To the Board of Trustees:

We have audited the accompanying financial statements of Brookfield Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005. 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 audit.

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

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Brookfield Township, Noble County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

July 10, 2007

**BROOKFIELD TOWNSHIP
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Permanent Funds</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$ 17,213 | \$ 1,968 | \$ | \$ 19,181 |
| Intergovernmental | 7,125 | 93,657 | | 100,782 |
| Earnings on Investments | 230 | 1,617 | 22 | 1,869 |
| Other Revenue | 50 | 20 | | 70 |
| | <u>24,618</u> | <u>97,262</u> | <u>22</u> | <u>121,902</u> |
| Total Cash Receipts | | | | |
| | <u>24,618</u> | <u>97,262</u> | <u>22</u> | <u>121,902</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 31,443 | | | 31,443 |
| Public Safety | 1,000 | 1,125 | | 2,125 |
| Public Works | | 62,721 | | 62,721 |
| Health | 1,200 | | | 1,200 |
| | <u>33,643</u> | <u>63,846</u> | <u>0</u> | <u>97,489</u> |
| Total Cash Disbursements | | | | |
| | <u>33,643</u> | <u>63,846</u> | <u>0</u> | <u>97,489</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>(9,025)</u> | <u>33,416</u> | <u>22</u> | <u>24,413</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Other Uses | (20) | 0 | 0 | (20) |
| | <u>(20)</u> | <u>0</u> | <u>0</u> | <u>(20)</u> |
| Total Other Financing Receipts/(Disbursements) | | | | |
| | <u>(20)</u> | <u>0</u> | <u>0</u> | <u>(20)</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (9,045) | 33,416 | 22 | 24,393 |
| Fund Cash Balances, January 1 | 36,597 | 184,488 | 6,242 | 227,327 |
| | <u>36,597</u> | <u>184,488</u> | <u>6,242</u> | <u>227,327</u> |
| Fund Cash Balances, December 31 | <u>\$ 27,552</u> | <u>\$ 217,904</u> | <u>\$ 6,264</u> | <u>\$ 251,720</u> |

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

**BROOKFIELD TOWNSHIP
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

| | <u>Governmental Fund Types</u> | | | <u>Totals (Memorandum Only)</u> |
|---|--------------------------------|----------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Permanent Funds</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$ 15,059 | \$ 1,456 | \$ | \$ 16,515 |
| Intergovernmental | 7,328 | 99,449 | | 106,777 |
| Earnings on Investments | 491 | 2,445 | 22 | 2,958 |
| Other Revenue | | 6,127 | | 6,127 |
| | <u>22,878</u> | <u>109,477</u> | <u>22</u> | <u>132,377</u> |
| Total Cash Receipts | | | | |
| | <u>22,878</u> | <u>109,477</u> | <u>22</u> | <u>132,377</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 25,395 | | | 25,395 |
| Public Safety | 1,000 | 256 | | 1,256 |
| Public Works | | 83,858 | | 83,858 |
| Health | 1,078 | | | 1,078 |
| | <u>27,473</u> | <u>84,114</u> | <u>0</u> | <u>111,587</u> |
| Total Cash Disbursements | | | | |
| | <u>27,473</u> | <u>84,114</u> | <u>0</u> | <u>111,587</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>(4,595)</u> | <u>25,363</u> | <u>22</u> | <u>20,790</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | 362 | | | 362 |
| Transfers-Out | | (362) | | (362) |
| | <u>362</u> | <u>(362)</u> | <u>0</u> | <u>0</u> |
| Total Other Financing Receipts/(Disbursements) | | | | |
| | <u>362</u> | <u>(362)</u> | <u>0</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <u>(4,233)</u> | <u>25,001</u> | <u>22</u> | <u>20,790</u> |
| Fund Cash Balances, January 1 (Restated - See Note 2) | <u>40,830</u> | <u>159,487</u> | <u>6,220</u> | <u>206,537</u> |
| Fund Cash Balances, December 31 | <u>\$ 36,597</u> | <u>\$ 184,488</u> | <u>\$ 6,242</u> | <u>\$ 227,327</u> |

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

**BROOKFIELD TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Brookfield Township, Noble 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, and fire protection. The Township contracts with the Belle Valley Volunteer Fire Department to provide fire services.

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

B. Accounting Basis

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

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

C. Cash

The Township values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

**BROOKFIELD TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs.

The Township had the following significant Permanent Funds:

Renrock Milton Dye Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement to pay for cemetery maintenance.

Dye Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement to pay for cemetery maintenance.

Renrock Brookfield Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement to pay for cemetery maintenance.

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 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. Appropriations lapse at year end.

2. Estimated Resources

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

**BROOKFIELD TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2006 and 2005 budgetary activity appears in Note 4.

F. Property, Plant, and Equipment

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

2. Restatement of Fund Balances

For the year ended December 31, 2004, adjustments resulted in fund balance restatements as follows:

| Governmental Funds: | Fund Balance at December 31, 2004 | Restatement Amount | Fund Balance at January 1, 2005 |
|---------------------|--------------------------------------|-----------------------|------------------------------------|
| General | \$ 40,733 | \$ 97 | \$ 40,830 |
| Permanent Fund | 6,317 | (97) | 6,220 |

The Township posted more interest in prior audits than it should have to the Permanent Funds. Each of the Permanent Funds has its own savings account, which earns interest. The balance in the savings accounts for these permanent funds did not agree to the balances of the permanent funds per the Township's ledgers; therefore, the balances were adjusted to reflect the actual balances of the Permanent Funds.

3. Equity in Pooled Cash

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

| | 2006 | 2005 |
|-------------------------|------------|------------|
| Demand deposits | \$ 97,997 | \$ 124,983 |
| Certificates of deposit | 153,723 | 102,344 |
| Total deposits | \$ 251,720 | \$ 227,327 |

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

**BROOKFIELD TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

4. Budgetary Activity

Budgetary activity for the years ending 2006 and 2005 follows:

| 2006 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 22,010 | \$ 24,618 | \$ 2,608 |
| Special Revenue | 86,210 | 97,262 | 11,052 |
| Permanent | 0 | 22 | 22 |
| Total | \$ 108,220 | \$ 121,902 | \$ 13,682 |

| 2006 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 66,082 | \$ 33,663 | \$ 32,419 |
| Special Revenue | 260,548 | 63,846 | 196,702 |
| Permanent | 0 | 0 | 0 |
| Total | \$ 326,630 | \$ 97,509 | \$ 229,121 |

| 2005 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 21,225 | \$ 23,240 | \$ 2,015 |
| Special Revenue | 77,141 | 109,477 | 32,336 |
| Permanent | 0 | 22 | 22 |
| Total | \$ 98,366 | \$ 132,739 | \$ 34,373 |

| 2005 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 66,300 | \$ 27,473 | \$ 38,827 |
| Special Revenue | 158,900 | 84,476 | 74,424 |
| Permanent | 0 | 0 | 0 |
| Total | \$ 225,200 | \$ 111,949 | \$ 113,251 |

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the FEMA fund by \$9,497 for the year ended December 31, 2005.

**BROOKFIELD TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

5. Property Tax

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.

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.

6. Retirement System

The Township's elected officials 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. For 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the Township contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

7. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

8. Contingent Liabilities

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

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

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

Brookfield Township
Noble County
11544 Township Road 92
Cumberland, Ohio 43732

To the Board of Trustees:

We have audited the financial statements of Brookfield Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated July 10, 2007, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-003.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated July 10, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2006-001 and 2006-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 10, 2007.

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



Mary Taylor, CPA
Auditor of State

July 10, 2007

**BROOKFIELD TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

FINDING NUMBER 2006-001

Noncompliance Citation and Significant Deficiency

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

Expenditures exceeded appropriations at December 31, 2005, in the following fund:

| Fund | Appropriation Authority | Actual Expenditures | Variance |
|-----------|----------------------------|------------------------|------------|
| FEMA Fund | \$ 3,800 | \$ 13,297 | \$ (9,497) |

This resulted in the aforementioned fund expending more than was appropriated.

The Township Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Township Fiscal Officer may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2006-002

Noncompliance Citation and Significant Deficiency

Ohio Admin. Code Section 117-2-02(C)(1) states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2005, the Township Fiscal Officer did not post estimated revenue correctly to the Township's UAN system for the following funds:

| Fund | Estimated Receipts Per Budget Commission | Amounts Per Township Reports | Variance |
|-----------------|---|------------------------------------|----------|
| General | \$ 21,225 | \$ 22,200 | \$ (975) |
| Gasoline Tax | 68,090 | 88,999 | (20,909) |
| Road and Bridge | 1,506 | 0 | 1,506 |
| FEMA | 0 | 9,421 | (9,421) |

**BROOKFIELD TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2006-002 (Continued)

Noncompliance Citation and Significant Deficiency (Continued)

At December 31, 2006, appropriations as approved by the Board of Trustees did not agree to the Township's ledgers for the following funds:

| Fund | Appropriations Per Board of Trustees | Amounts Per Township Reports | Variance |
|--------------|--|------------------------------------|-------------|
| Gasoline Tax | \$ 130,000 | \$ 190,000 | \$ (60,000) |
| FEMA | 3,800 | 13,297 | (9,497) |

Due to budgetary information being improperly entered into the system, the management of the Township lost some degree of budgetary control.

We recommend the Township Fiscal Officer accurately post estimated receipts as certified by the County Budget Commission and appropriations as approved by the Board of Trustees into the computer system and only after receiving approval. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

FINDING NUMBER 2006-003

Significant Deficiency

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

During the audit period, the Township Fiscal Officer posted certain revenue transactions incorrectly. All of the real estate receipts in 2005 were posted to the General Fund at net instead of split between the General Fund and Road and Bridge Fund and posted at gross. One real estate receipt in 2006 was posted to accounts representing intergovernmental revenues rather than accounts representing tax revenues. All of the homestead and rollback receipts in 2005 and two in 2006 were posted to the General Fund instead of between the General Fund and Road and Bridge Fund. Some of the state/local highway distribution monies were posted to the General Fund instead of the Gasoline Tax Fund. In addition, a reimbursement for FEMA disbursements was posted to accounts representing intergovernmental revenues within the Gasoline Tax Fund instead of accounts representing other revenue within the Gasoline Tax Fund. Interest earned on the Township's matured certificates of deposit was not recorded on the Township's books in the amounts of \$2,344 in 2005 and \$1,380 in 2006.

**BROOKFIELD TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2006-003 (Continued)

Significant Deficiency (Continued)

During the audit period, the Township Fiscal Officer posted certain expenditure transactions incorrectly. Cemetery mowing was posted to the Motor Vehicle License Tax Fund and Gasoline Tax Fund instead of the General Fund. The payment of the fire contract was posted to the Motor Vehicle License Tax Fund and the Gasoline Tax Fund instead of the General Fund. There were two expenditures out of the FEMA Fund for propane and replacement of a clutch plus labor that should have been posted to the Gasoline Tax Fund. UAN fees, township association membership, workers compensation premium and Trustee bonds were paid out of the Motor Vehicle License Tax Fund and the Permissive Motor Vehicle License Tax Fund instead of the General Fund. A cancer policy for one of the Trustees and a blanket insurance protector was paid out of the Road and Bridge Fund instead of the General Fund. Reimbursement of tire chains, new tires and new tubes were posted to Public Safety instead of Public Works within the Motor Vehicle License Tax Fund.

The following lists the net adjustments for each fund for the above errors as of December 31, 2006:

| Fund | Net Adjustment |
|---------------------------|-------------------|
| General Fund | \$ (24,382) |
| Motor Vehicle License Tax | 4,689 |
| Gasoline Tax | 16,973 |
| Road & Bridge | 6,350 |
| Permissive Sales Tax | 150 |
| Cemetery Trusts | (52) |
| Total | \$ 3,728 |

As a result, these significant adjustments and reclassifications were made to the financial statements in order for the Township Fiscal Officer to correctly classify the sources and amounts of the Township's receipts and expenditures. These adjustments and reclassifications with which the Township's management agrees have been posted to the Township's books and are reflected in the accompanying financial statements.

We recommend the Township Fiscal Officer refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts and expenditures.

Officials' Response: We did not receive a response from Officials to the findings reported above.



Mary Taylor, CPA
Auditor of State

BROOKFIELD TOWNSHIP

NOBLE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 4, 2007**