

**BROWN TOWNSHIP
FRANKLIN COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2006 and 2005

BARBARA BLOXAM, FISCAL OFFICER



Mary Taylor, CPA

Auditor of State

Board of Trustees
Brown Township
2491 Walker Road
Hilliard, Ohio 43026

We have reviewed the *Independent Auditor's Report* of Brown Township, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 4, 2007

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**BROWN TOWNSHIP
FRANKLIN COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Board of Trustees
Brown Township
2491 Walker Road
Hilliard, Ohio 43026

We have audited the accompanying financial statements of Brown Township, Franklin County, as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of Brown 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 2, Brown 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.

Revisions to GAAP would require Brown Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. While Brown Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. Brown Township has elected not to reformat its statements. Since Brown Township does not use GAAP to measure financial statement amounts, 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 matters 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 Brown 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 cash fund balances of Brown Township, Franklin County as of December 31, 2006 and 2005, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting as described in Note 2.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. 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 13, 2007, on our consideration of Brown 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
July 13, 2007

**BROWN TOWNSHIP
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2006 AND 2005

<u>Cash and Cash Equivalents</u>	<u>2006</u>	<u>2005</u>
Cash and Cash Equivalents	\$ 1,382,247	\$ 1,335,005
Total Cash and Cash Equivalents	<u>\$ 1,382,247</u>	<u>\$ 1,335,005</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 852,407	\$ 917,854
Special Revenue Funds	<u>529,840</u>	<u>417,151</u>
Total Governmental Fund Types	<u>1,382,247</u>	<u>1,335,005</u>
Total Fund Balances	<u>\$ 1,382,247</u>	<u>\$ 1,335,005</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BROWN TOWNSHIP
FRANKLIN COUNTY, OHIO**

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

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 103,802	\$ 526,579	\$ 630,381
Intergovernmental	100,593	172,439	273,032
Fines, licenses, and permits	4,635	-	4,635
Interest	56,273	12,235	68,508
Miscellaneous	1,486	-	1,486
Total cash receipts	<u>266,789</u>	<u>711,253</u>	<u>978,042</u>
Cash disbursements:			
Current:			
General government	274,036	-	274,036
Public safety	-	590,338	590,338
Public works	27,608	8,226	35,834
Health	6,580	-	6,580
Capital outlay	24,012	-	24,012
Total cash disbursements	<u>332,236</u>	<u>598,564</u>	<u>930,800</u>
Total cash receipts over/(under) cash disbursements	(65,447)	112,689	47,242
Cash fund balances, January 1, 2006	<u>917,854</u>	<u>417,151</u>	<u>1,335,005</u>
Cash fund balances, December 31, 2006	<u>\$ 852,407</u>	<u>\$ 529,840</u>	<u>\$ 1,382,247</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BROWN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006**

Fund Types	Receipts					Disbursements					Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2006 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2006 Appropriations	Total	Actual 2006 Disbursements	Encumbrances Outstanding at 12/31/06		Total
Governmental:												
General	\$ 869,568	\$ 210,306	\$ 1,079,874	\$ 266,789	\$ 56,483	\$ 48,286	\$ 1,077,423	\$ 1,125,709	\$ 332,236	\$ 2,495	\$ 384,731	\$ 790,978
Special Revenue	404,184	689,152	1,093,336	711,253	22,101	12,967	1,091,100	1,104,067	598,564	9,429	607,993	496,074
Total (Memorandum Only)	\$ 1,273,752	\$ 899,458	\$ 2,173,210	\$ 978,042	\$ 78,584	\$ 61,253	\$ 2,168,523	\$ 2,229,776	\$ 930,800	\$ 11,924	\$ 942,724	\$ 1,287,052

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BROWN TOWNSHIP
FRANKLIN COUNTY, OHIO**

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

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 91,851	\$ 505,664	\$ 597,515
Intergovernmental	115,197	160,526	275,723
Fines, licenses, and permits	3,091	-	3,091
Interest	36,836	7,513	44,349
Miscellaneous	2,667	-	2,667
Total cash receipts	<u>249,642</u>	<u>673,703</u>	<u>923,345</u>
Cash disbursements:			
Current:			
General government	223,720	-	223,720
Public safety	1,850	568,784	570,634
Public works	24,349	127,279	151,628
Health	5,997	-	5,997
Conservation - Recreation	1,792	-	1,792
Capital outlay	59,570	-	59,570
Total cash disbursements	<u>317,278</u>	<u>696,063</u>	<u>1,013,341</u>
Total cash receipts under cash disbursements	<u>(67,636)</u>	<u>(22,360)</u>	<u>(89,996)</u>
Other financing receipts/(disbursements):			
Proceeds from sale of assets	38,000	-	38,000
Total other financing receipts/(disbursements)	<u>38,000</u>	<u>-</u>	<u>38,000</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(29,636)	(22,360)	(51,996)
Cash fund balances, January 1, 2005	<u>947,490</u>	<u>439,511</u>	<u>1,387,001</u>
Cash fund balances, December 31, 2005	<u>\$ 917,854</u>	<u>\$ 417,151</u>	<u>\$ 1,335,005</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BROWN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005**

Fund Types	Receipts				Disbursements				Variance Favorable (Unfavorable)			
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2005 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2005 Appropriations	Total		Actual 2005 Disbursements	Encumbrances Outstanding at 12/31/05	Total
Governmental:												
General	\$ 885,093	\$ 201,453	\$ 1,086,546	\$ 287,642	\$ 86,189	\$ 62,397	\$ 1,086,523	\$ 1,148,920	\$ 317,278	\$ 48,286	\$ 365,564	\$ 783,356
Special Revenue	432,058	663,590	1,095,648	673,703	10,113	7,453	1,095,570	1,103,023	696,063	12,967	709,030	393,993
Total	\$ 1,317,151	\$ 865,043	\$ 2,182,194	\$ 961,345	\$ 96,302	\$ 69,850	\$ 2,182,093	\$ 2,251,943	\$ 1,013,341	\$ 61,253	\$ 1,074,594	\$ 1,177,349
(Memorandum Only)												

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BROWN TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 1 - DESCRIPTION OF THE ENTITY

Brown Township, Franklin 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 governmental services, including road and bridge maintenance. The Township contracts with the Norwich Township to provide fire services and to provide ambulance services.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Township’s accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

Governmental Fund Types

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.

Special Revenue Funds

These funds are used to account for proceeds of specific revenue sources (other than from trusts or for capital projects) that are legally restricted to expenditure for specific purposes.

The Township had the following significant special revenue fund:

Fire District Fund - This fund receives local tax money for providing public safety to the residents of the Township.

**BROWN TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the item level within a department and fund. Any budgetary modifications at this level may only be made by resolution of the Township's Board of Trustees. The Township had several budget modifications throughout the years ended December 31, 2006 and 2005.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except certain agency funds, are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

**BROWN TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Township receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Township determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Township must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were outstanding encumbrances at December 31, 2006 and December 31, 2005.

**BROWN TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Township considers “Cash and Cash Equivalents” to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Township totaled \$68,508 and \$44,349 for the years ended December 31, 2006 and 2005, respectively.

E. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Township’s cash basis method of accounting.

F. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Township’s funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded by the Township.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned “Total (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - CASH AND CASH EQUIVALENTS

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 cash equivalents at December 31 was as follows:

	2006	2005
Demand deposits	\$ 182,247	\$ 185,005
Certificates of deposit	1,200,000	1,150,000
Total deposits	\$ 1,382,247	\$ 1,335,005

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution’s public entity deposit pool.

**BROWN TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 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 on 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.

NOTE 5 - RETIREMENT SYSTEM

Township employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. 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 2006 and 2005, OPERS members contributed 9.0% and 8.5% of their gross salaries, respectively. The Township contributed an amount equal to 13.70% and 13.55% of participants' gross salaries for the years ended December 31, 2006 and 2005, respectively. The Township has paid all contributions required under the plan through December 31, 2006 and 2005.

NOTE 6 - RISK MANAGEMENT

Risk Pool Membership

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

**BROWN TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 6 - RISK MANAGEMENT - (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or \$25,000 of casualty losses and the lesser of 5% or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Assets	\$ 9,620,148	\$ 8,219,430
Liabilities	<u>(3,329,620)</u>	<u>(2,748,639)</u>
Members' Equity	<u>\$ 6,290,528</u>	<u>\$ 5,470,791</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

NOTE 7 - CONTINGENT LIABILITIES

The Township is not currently involved in litigation.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Trustees
Brown Township
2491 Walker Road
Hilliard, Ohio 43026

We have audited the financial statements of Brown Township as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated July 13, 2007, wherein we noted Brown Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Brown Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brown Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Brown Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Brown 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 a misstatement or Brown Township's financial statements that is more than inconsequential will not be prevented or detected by Brown Township's internal control.

Board of Trustees
Brown Township

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Brown Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether Brown 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to the management of Brown Township in a separate letter dated July 13, 2007.

This report is intended for the information of the Trustees and management of Brown Township, and is not intended to be and should not be used by anyone other than those specified.



Julian & Grube, Inc.
July 13, 2007



Mary Taylor, CPA
Auditor of State

BROWN TOWNSHIP

FRANKLIN 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
SEPTEMBER 18, 2007**