



**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED
DECEMBER 31, 2007 & 2006**



Mary Taylor, CPA

Auditor of State

Board of Trustees
Brimfield Township
1333 Tallmadge Road
Kent, OH 44240

We have reviewed the *Independent Accountants' Report* of Brimfield Township, Portage County, prepared by Canter and Company, for the audit period January 1, 2006 to December 31, 2007. 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.

Finding for Recovery

On July 21, 2006, the Township issued check number 38575, in the amount of \$1,200 to Marchese Communication Co. for payment for services reflected on invoice number 276693. On November 30, 2006, the Township mistakenly issued a duplicate payment to Marchese Communication Co. for invoice number 276693 via check number 40266. As a result, the Township over paid Marchese Communication Co. by \$1,200.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended, is hereby issued against Marchese Communication Co. in the amount of \$1,200 and in favor of Brimfield Township Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State.ex. Rel. Village of Linndale v. Masten*, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 OP Atty Gen No. 80-074.

John Dalziel, Fiscal Officer, mistakenly issued Marchese Communication Co. the duplicate payment. For that reason, John Dalziel, Fiscal Officer, will be jointly and severally liable in the amount of \$1,200 and in favor of the Brimfield Township.

John Dalziel, Fiscal Officer, will only be liable to the extent that recovery is not received from Marchese Communication Co.

Board of Trustees
Brimfield Township
1333 Tallmadge Road Kent, OH 44240
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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. Brimfield Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 13, 2009

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Brimfield Township
Portage County
1333 Tallmadge Avenue
Kent, Ohio 44240

To the Board of Trustees:

We have audited the accompanying financial statements of Brimfield Township, Portage County, (the Township) as of and for the years ended December 31, 2007 and 2006. 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. 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.

Instead of the combined funds the accompanying financial statements present, 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 require 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 governments 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, 2007 and 2006 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, 2007 and 2006, 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 and reserves for encumbrances of Brimfield Township, Portage County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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, 2007 and 2006. 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 March 4, 2009, 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.



Canter and Company

March 4, 2009

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$525,178	\$1,720,814	\$82,469	\$0	\$2,328,461
Intergovernmental	194,986	467,055	0	0	662,041
Charges for Services	0	160,715	0	0	160,715
Fines & Forfeitures	0	21,402	0	0	21,402
Licenses, Permits, and Fees	153,300	13,355	0	0	166,655
Special Assessments	0	20,373	0	0	20,373
Earnings on Investments	14,849	575	0	0	15,424
Miscellaneous	35,338	80,043	0	0	115,381
Total Cash Receipts	<u>923,651</u>	<u>2,484,332</u>	<u>82,469</u>	<u>0</u>	<u>3,490,452</u>
Cash Disbursements:					
Current:					
General Government	598,265	13,240	0	0	611,505
Public Safety	0	2,128,044	0	0	2,128,044
Public Works	72,758	339,212	0	0	411,970
Health	5,164	18,621	0	0	23,785
Conservation/Recreation	47,480	0	0	0	47,480
Other	0	15,423	0	0	15,423
Capital Outlay	220	62,694	0	0	62,914
Debt Service - Principal Retirement	142,398	0	666,079	0	808,477
Debt Service - Interest and Fiscal Charges	15,277	0	22,436	0	37,713
Total Cash Disbursements	<u>881,562</u>	<u>2,577,234</u>	<u>688,515</u>	<u>0</u>	<u>4,147,311</u>
Total Receipts Over/(Under) Disbursements	<u>42,089</u>	<u>(92,902)</u>	<u>(606,046)</u>	<u>0</u>	<u>(656,859)</u>
Other Financing Receipts/(Disbursements):					
Loan Proceeds	271,426	0	610,561	0	881,987
Advances In	0	58,900	0	0	58,900
Advances Out	(58,900)	0	0	0	(58,900)
Total Other Financing Receipts/(Disbursements)	<u>212,526</u>	<u>58,900</u>	<u>610,561</u>	<u>0</u>	<u>881,987</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	254,615	(34,002)	4,515	0	225,128
Fund Cash Balances, January 1	4,940	258,541	531	4,621	268,633
Fund Cash Balances, December 31	<u>\$259,555</u>	<u>\$224,539</u>	<u>\$5,046</u>	<u>\$4,621</u>	<u>\$493,761</u>
Reserve for Encumbrances, December 31	<u>\$1,790</u>	<u>\$8,979</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,769</u>

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Private Purpose Trust</u>	<u>Agency</u>	
Operating Cash Receipts:	\$0	\$0	\$0
Operating Cash Disbursements:			
Current:			
Other	0	65,461	65,461
Total Receipts Over/(Under) Disbursements	0	(65,461)	(65,461)
Other Financing Receipts/(Disbursements):			
Miscellaneous	0	69,215	69,215
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	0	3,754	3,754
Fund Cash Balances, January 1	1,595	20,882	22,477
Fund Cash Balances, December 31	<u>\$1,595</u>	<u>\$24,636</u>	<u>\$26,231</u>

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
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>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$508,320	\$1,517,571	\$122,956	\$0	\$2,148,847
Intergovernmental	221,851	414,099	0	0	635,950
Charges for Services	0	135,316	0	0	135,316
Fines & Forfeitures	0	28,342	0	0	28,342
Licenses, Permits, and Fees	92,809	18,828	0	0	111,637
Special Assessments	0	20,634	0	0	20,634
Earnings on Investments	14,414	701	0	104	15,219
Miscellaneous	44,572	57,442	0	0	102,014
Total Cash Receipts	<u>881,966</u>	<u>2,192,933</u>	<u>122,956</u>	<u>104</u>	<u>3,197,959</u>
Cash Disbursements:					
Current:					
General Government	586,866	3,783	0	0	590,649
Public Safety	0	2,093,786	0	0	2,093,786
Public Works	171,599	197,037	0	0	368,636
Health	827	16,524	0	0	17,351
Conservation/Recreation	45,533	0	0	0	45,533
Other	0	10,229	0	0	10,229
Capital Outlay	4,675	62,763	0	0	67,438
Debt Service - Principal Retirement	50,256	0	104,684	0	154,940
Debt Service - Interest and Fiscal Charges	7,205	0	17,741	0	24,946
Total Cash Disbursements	<u>866,961</u>	<u>2,384,122</u>	<u>122,425</u>	<u>0</u>	<u>3,373,508</u>
Total Receipts Over/(Under) Disbursements	<u>15,005</u>	<u>(191,189)</u>	<u>531</u>	<u>104</u>	<u>(175,549)</u>
Other Financing Receipts/(Disbursements):					
Sale of Assets	360	9,892	0	0	10,252
Advances In	20,000	159,600	0	0	179,600
Advances Out	(159,600)	(20,000)	0	0	(179,600)
Transfers In	0	12,370	0	0	12,370
Transfers Out	(12,370)	0	0	0	(12,370)
Total Other Financing Receipts/(Disbursements)	<u>(151,610)</u>	<u>161,862</u>	<u>0</u>	<u>0</u>	<u>10,252</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(136,605)	(29,327)	531	104	(165,297)
Fund Cash Balances, January 1	<u>141,545</u>	<u>287,868</u>	<u>0</u>	<u>4,517</u>	<u>433,930</u>
Fund Cash Balances, December 31	<u>\$4,940</u>	<u>\$258,541</u>	<u>\$531</u>	<u>\$4,621</u>	<u>\$268,633</u>
Reserve for Encumbrances, December 31	<u>\$30,947</u>	<u>\$71,833</u>	<u>\$0</u>	<u>\$0</u>	<u>\$102,780</u>

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

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

	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Private Purpose Trust</u>	<u>Agency</u>	
Operating Cash Receipts:			
Earnings on Investments	\$26	\$0	\$26
Operating Cash Disbursements:			
Current:			
Health	9	0	9
Other	0	52,240	52,240
Total Operating Cash Disbursements	9	52,240	52,249
Total Receipts Over/(Under) Disbursements	17	(52,240)	(52,223)
Other Financing Receipts/(Disbursements):			
Miscellaneous	0	60,747	60,747
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	17	8,507	8,524
Fund Cash Balances, January 1	1,578	12,375	13,953
Fund Cash Balances, December 31	<u>\$1,595</u>	<u>\$20,882</u>	<u>\$22,477</u>

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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 the 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 7 and 8 to the financial statements provides 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.

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.

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.

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, 2007 AND 2006**

B. Basis of Accounting

These financial statements follow the basis of accounting 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 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. Certificates of deposit are valued at cost.

The Township invests in an overnight sweep account (repurchase agreement) at their banking institution which is valued at amounts reported by the bank.

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 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 trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

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

Emergency Medical Services Fund – This fund receives charges for services for Emergency Medical activities for residents and non-residents.

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

3. Debt Service Funds

This fund accounts for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

General Note Retirement Fund – This fund receives property tax money for the retirement of the Townships general obligation debt.

4. Capital Projects Funds

This fund accounts for resources restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Projects Fund:

Permanent Improvement Fund – The Township uses this fund to account for various road improvements.

5. Fiduciary Funds (Trust and Agency Funds)

These funds account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township has the following significant fiduciary fund:

Motel Tax Agency Fund – The Township receives a tax on the gross income of the hotels and motels in the area, and remits twenty-five percent of this tax to the Central Portage County Visitors and Convention Bureau.

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 re-appropriated.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

A summary of 2007 and 2006 budgetary activity appears in Note 3.

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.

G. 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2007	2006
Demand deposits	\$350,215	(\$155,005)
Repurchase Agreements	169,777	446,115
Total deposits and investments	\$519,992	\$291,110

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

Investments: Investments in the sweep account (Repurchase Agreements) are uninsured and unregistered investments for which the securities are held by the counter party or its trust department or agent but not in the Township's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$904,116	\$1,195,077	\$290,961
Special Revenue	2,455,107	2,543,232	88,125
Debt Service	693,030	693,030	0
Capital Projects	0	0	0
Total	\$4,052,253	\$4,431,339	\$379,086

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$914,237	\$942,252	(\$28,015)
Special Revenue	2,793,311	2,586,213	207,098
Debt Service	693,563	688,515	5,048
Capital Projects	4,516	0	4,516
Total	<u>\$4,405,627</u>	<u>\$4,216,980</u>	<u>\$188,647</u>

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$888,347	\$902,326	\$13,979
Special Revenue	2,516,189	2,374,795	(141,394)
Debt Service	122,956	122,956	0
Capital Projects	0	104	104
Total	<u>\$3,527,492</u>	<u>\$3,400,181</u>	<u>(\$127,311)</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,029,865	\$1,069,878	(\$40,013)
Special Revenue	2,504,803	2,475,955	28,848
Debt Service	122,956	122,425	531
Capital Projects	4,516	0	4,516
Total	<u>\$3,662,140</u>	<u>\$3,668,258</u>	<u>(\$6,118)</u>

Compliance: At December 31, 2007, the following Township funds had total expenditures plus encumbrances in excess of appropriations, which is in violation of Section 5705.41, Ohio Revised Code.

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$914,237	\$942,252	(\$28,015)
Gasoline Tax (#2021)	97,343	114,508	(17,165)
Special Levy Police (#2192)	1,205,497	1,223,126	(17,629)
Total	<u>\$2,217,077</u>	<u>\$2,279,886</u>	<u>(\$62,809)</u>

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

Compliance: At December 31, 2006, the following Township funds had total expenditures plus encumbrances in excess of appropriations, which is in violation of Section 5705.41, Ohio Revised Code.

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,029,865	\$1,069,878	(\$40,013)
Special Levy Fire (#2191)	771,027	816,684	(45,657)
Special Levy Police (#2192)	1,020,401	1,193,082	(172,681)
Lighting Assessment - King (#2404)	2,040	7,861	(5,821)
Total	<u>\$2,823,333</u>	<u>\$3,087,505</u>	<u>(\$264,172)</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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.

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.

5. DEBT

During 2007, the Township consolidated all of its outstanding loans with one bank in order to save money on principal and interest payments. After advertising and reviewing all bids, the Township selected Chase bank to pay off all outstanding loans, which included principal and current interest due, in the amount of \$610,563. The new various purpose bonds issued through Chase bank were dated November 9, 2007, were issued in the amount of \$610,563, shall mature November 9, 2014 and will bear an interest rate of 4.25 percent. The entire balance of \$610,563 was outstanding at December 31, 2007 and the first payment is scheduled for November 9, 2008.

The Township also entered into a \$65,000 five year loan agreement with Home Savings and Loan for the purchase and installation of computer equipment into police cruisers. The loan will mature on August 1, 2012 and bear an interest rate of 6.5 percent. The entire balance of \$65,000 was outstanding at December 31, 2007 and the first payment is scheduled for February 1, 2008.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

Principal and interest requirements to retire the Chase Various Purpose Bonds and the Home Savings loan outstanding at December 31, 2007, are as follows:

Year Ended December 31,	Chase Various Purpose Bond			Home Savings Loan		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$87,223	\$25,949	\$113,172	\$12,161	\$3,053	\$15,214
2009	87,223	22,242	109,465	11,971	3,243	15,214
2010	87,223	18,535	105,758	12,761	2,452	15,213
2011	87,223	14,828	102,051	13,604	1,609	15,213
2012	87,223	11,121	98,344	14,503	711	15,214
2013-2014	174,448	11,121	185,569	0	0	0
Total	<u>\$610,563</u>	<u>\$103,796</u>	<u>\$714,359</u>	<u>\$65,000</u>	<u>\$11,068</u>	<u>\$76,068</u>

6. RETIREMENT SYSTEMS

The Township's 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. For 2007 and 2006, OPERS members contributed 9.5 and 9 percent of their gross salaries, respectively. The Township contributed an amount equaling 13.85 and 13.7 percent of participants' gross salaries, respectively. The Township has paid all contributions required through December 31, 2007.

7. 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 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 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) are appointed to govern the District. The Township and City shall adopt by-laws for the regulation of the affairs of the Board and the conduct of business.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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>
2005	0.25%
2006 - 2008	0.50%
2009 - 2013	0.75%
2014 - 2018	1.00%
2019 - 2023	1.50%
2024 - 2028	2.00%
2029 and thereafter	Same rate as the City

The City of Kent shall administer, collect and enforce the income tax on behalf of the District.

Under the terms of the agreement, the Township shall establish 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 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. 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) are appointed to govern the District. The Township and City shall 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. In areas where the City of Tallmadge is not contractually required to share JEDD revenues with the City of Akron, the split shall be 60 percent for Tallmadge and 40 percent for Brimfield Township.
2. In areas where the City of Tallmadge is required, as a result of the Tallmadge/Akron water contract to share revenues with Akron, collected income shall be distributed as 25 percent Brimfield, 25 percent Akron and 50 percent Tallmadge.

The City of Tallmadge shall administer, collect and enforce the income tax on behalf of the District.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

8. 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's net assets, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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 township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2007 and 2006.

	2007	2006
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Net Assets	\$29,852,866	\$29,921,614

At December 31, 2007 and 2006, respectively, liabilities noted above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and net assets above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$29,580. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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 liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA	
2005	\$29,580
2006	32,599
2007	26,560

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 budgetary contribution. Withdrawing members have no other obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to withdrawal.

**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***

Brimfield Township
Portage County
1333 Tallmadge Avenue
Kent, Ohio 44240

To the Board of Trustees:

We have audited the financial statements of the of the Brimfield Township, (the Township) as of and for the years ended December 31, 2007 and 2006 and have issued our report thereon dated March 4, 2009, 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 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 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 accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001, 2007-002, 2006-001 and 2006-002.

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 the Township's internal control.

Brimfield Township
Portage County
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
Page 2

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. However, of the significant deficiencies described above, we believe finding numbers 2007-001, 2007-002, 2006-001 and 2006-002 are also a material weakness.

Compliance and Other Matters

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 grant agreements, 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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-002 and 2006-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated March 4, 2009.

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

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



CANTER & COMPANY

Poland, Ohio
March 4, 2009

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

Finding # 2007-001

Material Weakness

The Uniform Accounting Network Manual in the Appendix provides a Township Chart of Accounts which details the revenue and expenditure codes, name of the source information, and a brief description of the type of revenue or expenditure that relates to the code to be used for the accounting of those transactions.

Revenue and expenditure transactions were not always classified or recorded to the correct financial statement line items, based on UAN descriptions and nature of the transactions for the years 2007 and 2006. Failure to accurately record revenues and expenditures to the proper line item could result in material misstatements to the financial statements.

The Township should use the UAN Accounting Manual and UAN crosswalk table of revenues and expenditures as a source, for proper recording receipts and disbursements.

Management response:

The UAN chart of accounts will be used and more caution will be used to verify that all transactions are properly posted to minimize the risk of errors.

Finding #2007-002

Material Weakness and Material Noncompliance

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from making expenditures unless it has been properly appropriated. Budgetary expenditures (disbursements and encumbrances) as enacted by the Board of Trustees may not exceed appropriations at the legal level for all funds. The following funds had expenditures in excess of appropriations as of December 31, 2007:

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

Finding #2007-002-continued

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$914,237	\$942,252	(\$28,015)
Gasoline Tax (#2021)	97,343	114,508	(\$17,165)
Special Levy Police (#2192)	1,205,497	1,223,126	(\$17,629)

Monitoring appropriations is vital for maintaining sound budgetary practices. By not monitoring appropriations, expenditures plus encumbrances could result in funds exceeding the total available fund balance.

We recommend the Township verify all expenditures and encumbrances have proper appropriation authority prior to expending funds or certifying purchases and compare appropriations to expenditures plus encumbrances in all budgeted funds to maintain compliance with the above requirements.

Management response:

Appropriations will be more closely monitored to ensure no future violations.

Finding #2006-001

Material Weakness

During 2006, the Township double paid an invoice to the Marchese Communications Company in the amount of \$1,200. The original invoice was not voided after payment and as a result, the new fiscal officer paid the invoice again when he took over the position in September of 2006.

All invoices should be voided upon payment to avoid double payment.

Management response:

The new fiscal officer will properly void all invoices upon payment.

The Township has contacted Marchese Communications to recover repayment and have agreed to allow the owner to perform work for the Township until he pays off the \$1,200. The fire chief expects the total amount to be fully worked off during 2010.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

Finding #2006-002

Material Weakness and Material Noncompliance

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from making expenditures unless it has been properly appropriated. Budgetary expenditures (disbursements and encumbrances) as enacted by the Board of Trustees may not exceed appropriations at the legal level for all funds. The following funds had expenditures in excess of appropriations as of December 31, 2006:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,029,865	\$1,069,878	(\$40,013)
Special Levy Fire (#2191)	771,027	816,684	(\$45,657)
Special Levy Police (#2192)	1,020,401	1,193,082	(\$172,681)
Lighting Assessment-King (#2404)	2,040	7,861	(\$5,821)

Monitoring appropriations is vital for maintaining sound budgetary practices. By not monitoring appropriations, expenditures plus encumbrances could result in funds exceeding the total available fund balance.

We recommend the Township verify all expenditures and encumbrances have proper appropriation authority prior to expending funds or certifying purchases and compare appropriations to expenditures plus encumbrances in all budgeted funds to maintain compliance with the above requirements.

Management response:

Appropriations will be more closely monitored to ensure no future violations.



Mary Taylor, CPA
Auditor of State

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
NOVEMBER 5, 2009**