



**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED
DECEMBER 31, 2009 & 2008**



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Accountants' Report* of Brimfield Township, Portage County, prepared by Canter & Associates, for the audit period January 1, 2008 through December 31, 2009. 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 Accountants' 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 Accountants' 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. Brimfield Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 19, 2010

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**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, 2009 and 2008. 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 reporting 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 the Township 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, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Brimfield Township as of December 31, 2009 and 2008, 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, 2009 and 2008, 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 September 1, 2010, 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 & Associates

September 1, 2010

**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, 2009**

	<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	\$340,509	\$1,707,473	\$170,955	\$0	\$2,218,937
Intergovernmental	162,831	895,491	0	0	1,058,322
Charges for Services	0	227,149	0	0	227,149
Fines & Forfeitures	68	72,581	0	0	72,649
Licenses, Permits, and Fees	414,805	12,382	0	0	427,187
Special Assessments	0	24,337	0	0	24,337
Earnings on Investments	1,015	0	0	0	1,015
Miscellaneous	24,288	72,875	0	0	97,163
Total Cash Receipts	943,516	3,012,288	170,955	0	4,126,759
Cash Disbursements:					
Current:					
General Government	862,721	48,806	0	0	911,527
Public Safety	0	2,378,885	0	0	2,378,885
Public Works	184,155	263,094	0	0	447,249
Health	4,823	24,934	0	0	29,757
Conservation/Recreation	37,073	0	0	0	37,073
Other	0	27,575	0	0	27,575
Capital Outlay	0	81,905	0	4,130	86,035
Debt Service - Principal Retirement	0	41,872	133,274	0	175,146
Debt Service - Interest and Fiscal Charges	0	2,939	37,614	0	40,553
Total Cash Disbursements	1,088,772	2,870,010	170,888	4,130	4,133,800
Total Receipts Over/(Under) Disbursements	(145,256)	142,278	67	(4,130)	(7,041)
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets	0	290	0	0	290
Advances In	207,100	163,597	0	0	370,697
Advances Out	(163,597)	(207,100)	0	0	(370,697)
Total Other Financing Receipts/(Disbursements)	43,503	(43,213)	0	0	290
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(101,753)	99,065	67	(4,130)	(6,751)
Fund Cash Balances, January 1	138,861	451,780	10,502	4,646	605,789
Fund Cash Balances, December 31	\$37,108	\$550,845	\$10,569	\$516	\$599,038
Reserve for Encumbrances, December 31	\$27,936	\$22,553	\$0	\$0	\$50,489

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, 2009**

	<u>Fiduciary Fund Types</u>		Totals (Memorandum Only)
	<u>Private Purpose Trust</u>	<u>Agency</u>	
Operating Cash Receipts:	\$0	\$0	\$0
Operating Cash Disbursements:			
Current:			
Other	<u>0</u>	<u>43,524</u>	<u>43,524</u>
Total Receipts Over/(Under) Disbursements	0	(43,524)	(43,524)
Other Financing Receipts/(Disbursements):			
Miscellaneous	<u>0</u>	<u>57,712</u>	<u>57,712</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	0	14,188	14,188
Fund Cash Balances, January 1	<u>1,595</u>	<u>6,689</u>	<u>8,284</u>
Fund Cash Balances, December 31	<u>\$1,595</u>	<u>\$20,877</u>	<u>\$22,472</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, 2008**

	<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	\$497,779	\$1,669,852	\$133,446	\$0	\$2,301,077
Intergovernmental	349,988	738,413	0	0	1,088,401
Charges for Services	0	190,803	0	0	190,803
Fines & Forfeitures	0	47,840	0	0	47,840
Licenses, Permits, and Fees	175,761	15,945	0	25	191,731
Special Assessments	0	28,340	0	0	28,340
Earnings on Investments	10,795	363	0	0	11,158
Miscellaneous	154,415	79,050	0	0	233,465
Total Cash Receipts	<u>1,188,738</u>	<u>2,770,606</u>	<u>133,446</u>	<u>25</u>	<u>4,092,815</u>
Cash Disbursements:					
Current:					
General Government	724,478	2,188	0	0	726,666
Public Safety	0	2,222,518	0	0	2,222,518
Public Works	262,813	294,319	0	0	557,132
Health	4,402	12,018	0	0	16,420
Conservation/Recreation	49,699	0	0	0	49,699
Other	0	16,226	0	0	16,226
Capital Outlay	171,426	166,685	340,000	0	678,111
Debt Service - Principal Retirement	17,000	44,811	99,469	0	161,280
Debt Service - Interest and Fiscal Charges	5,814	0	28,521	0	34,335
Total Cash Disbursements	<u>1,235,632</u>	<u>2,758,765</u>	<u>467,990</u>	<u>0</u>	<u>4,462,387</u>
Total Receipts Over/(Under) Disbursements	<u>(46,894)</u>	<u>11,841</u>	<u>(334,544)</u>	<u>25</u>	<u>(369,572)</u>
Other Financing Receipts/(Disbursements):					
Inception of Capital Lease	0	130,000	0	0	130,000
Issuance of Bonds	0	0	340,000	0	340,000
Sale of Assets	0	11,600	0	0	11,600
Advances In	328,800	402,600	0	0	731,400
Advances Out	(402,600)	(328,800)	0	0	(731,400)
Total Other Financing Receipts/(Disbursements)	<u>(73,800)</u>	<u>215,400</u>	<u>340,000</u>	<u>0</u>	<u>481,600</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(120,694)</u>	<u>227,241</u>	<u>5,456</u>	<u>25</u>	<u>112,028</u>
Fund Cash Balances, January 1	<u>259,555</u>	<u>224,539</u>	<u>5,046</u>	<u>4,621</u>	<u>493,761</u>
Fund Cash Balances, December 31	<u><u>\$138,861</u></u>	<u><u>\$451,780</u></u>	<u><u>\$10,502</u></u>	<u><u>\$4,646</u></u>	<u><u>\$605,789</u></u>
Reserve for Encumbrances, December 31	<u><u>\$9,805</u></u>	<u><u>\$18,813</u></u>	<u><u>\$0</u></u>	<u><u>\$4,130</u></u>	<u><u>\$32,748</u></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, 2008**

	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Private Purpose Trust</u>	<u>Agency</u>	
Operating Cash Receipts:			
Earnings on Investments	\$0	\$0	\$0
Operating Cash Disbursements:			
Current:			
Other	0	93,851	93,851
Total Receipts Over/(Under) Disbursements	0	(93,851)	(93,851)
Other Financing Receipts/(Disbursements):			
Miscellaneous	0	75,904	75,904
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	0	(17,947)	(17,947)
Fund Cash Balances, January 1	1,595	24,636	26,231
Fund Cash Balances, December 31	\$1,595	\$6,689	\$8,284

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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. The Township received \$18,937 in 2008 and \$24,449 in 2009 from this JEDD agreement.

Joint Venture – The Brimfield-Tallmadge Joint Economic Development District (JEDD) – In March 2003, the Brimfield Township Board of Trustees approved the formation of this JEDD with the City of Tallmadge. The parties have entered into a contract to create and provide for the operation of the JEDD in accordance with Sections 715.72 through 715.77 of the Ohio Revised Code. The purpose of this JEDD is to facilitate economic development, to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio, Portage County, Brimfield Township and the City of Tallmadge. The Township received \$206,485 in 2008 and \$236,284 in 2009 from this JEDD agreement.

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, 2009 AND 2008**

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, 2009 AND 2008**

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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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.

A summary of 2009 and 2008 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:

	<u>2009</u>	<u>2008</u>
Demand deposits	\$43,262	\$336,609
Repurchase Agreements	<u>578,248</u>	<u>277,464</u>
Total deposits and investments	<u><u>\$621,510</u></u>	<u><u>\$614,073</u></u>

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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,010,908	\$943,516	(\$67,392)
Special Revenue	2,912,825	3,012,578	99,753
Debt Service	170,955	170,955	0
Capital Projects	0	0	0
Total	\$4,094,688	\$4,127,049	\$32,361

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,167,630	\$1,116,708	\$50,922
Special Revenue	3,385,307	2,892,563	492,744
Debt Service	194,812	170,888	23,924
Capital Projects	8,750	4,130	4,620
Total	\$4,756,499	\$4,184,289	\$572,210

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,091,762	\$1,188,738	\$96,976
Special Revenue	2,744,307	2,912,206	167,899
Debt Service	109,986	473,446	363,460
Capital Projects	0	25	25
Total	\$3,946,055	\$4,574,415	\$628,360

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,077,176	\$1,245,437	(\$168,261)
Special Revenue	2,749,987	2,777,578	(27,591)
Debt Service	0	467,990	(467,990)
Capital Projects	0	4,130	(4,130)
Total	\$3,827,163	\$4,495,135	(\$667,972)

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Compliance: At December 31, 2008, 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	\$1,077,176	\$1,245,437	(\$168,261)
Special Levy Police (#2192)	1,386,692	1,485,102	(98,410)
Brimfield-Tallmadge JEDD (#2193)	306	31,881	(31,575)
Brimfield-Kent JEDD (#2194)	0	13,229	(13,229)
Law Enforcement Trust (#2261)	12,187	18,418	(6,231)
Lighting Assessment - Beachcrest (#2401)	0	4,353	(4,353)
Lighting Assessment - Willowbrook (#2402)	0	615	(615)
Lighting Assessment - King (#2403)	0	12,421	(12,421)
Lighting Assessment - Portage (#2405)	0	461	(461)
Lighting Assessment - Marsh Landing (#2406)	0	1,638	(1,638)
Note Retirement (#3101)	0	467,990	(467,990)
Permanent Improvement (#4301)	0	4,130	(4,130)
Total	<u>\$2,476,361</u>	<u>\$3,285,675</u>	<u>(\$809,314)</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.

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.

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. Principal in the amount of \$436,116 was outstanding at December 31, 2009.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

During 2007, the Township 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. Principal in the amount of \$40,704 was outstanding at December 31, 2009.

During 2008, the Township issued a \$340,000 land acquisition bond through Chase Bank for the purchase of land located within the Township. The bond will mature on June 1, 2018 and bear an interest rate of 3.80 percent. Principal in the amount of \$289,000 was outstanding at December 31, 2009.

During 2008, the Township entered into a \$130,000 three year lease/purchase agreement with Key Bank for the purchase of three police cruisers. The lease/purchase agreement will mature on April 1, 2010 and bear an interest rate of 3.45 percent. Principal in the amount of \$43,317 was outstanding at December 31, 2009.

Principal and interest requirements to retire the Chase Various Purpose Bonds, the Home Savings loan and the Key Bank lease/purchase agreement outstanding at December 31, 2009, are as follows:

Year Ended December 31,	Chase Various Purpose Bond			Home Savings Loan		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$87,223	\$18,535	\$105,758	\$12,596	\$2,452	\$15,048
2011	87,223	14,828	102,051	13,604	1,609	15,213
2012	87,223	11,121	98,344	14,504	711	15,215
2013	87,223	7,414	94,637	0	0	0
2014	87,224	3,707	90,931	0	0	0
2015	0	0	0	0	0	0
Total	<u>\$436,116</u>	<u>\$55,605</u>	<u>\$491,721</u>	<u>\$40,704</u>	<u>\$4,772</u>	<u>\$45,476</u>

Year Ended December 31,	Land Acquisition Bond			Key Bank Lease/Purchase Agreement		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$34,000	\$10,659	\$44,659	\$43,317	\$1,494	\$44,811
2011	34,000	9,367	43,367	0	0	0
2012	34,000	8,075	42,075	0	0	0
2013	34,000	6,783	40,783	0	0	0
2014	34,000	5,491	39,491	0	0	0
2015 - 2018	119,000	9,044	128,044	0	0	0
Total	<u>\$289,000</u>	<u>\$49,419</u>	<u>\$338,419</u>	<u>\$43,317</u>	<u>\$1,494</u>	<u>\$44,811</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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10 percent of their gross salaries. The Township contributed an amount equaling 14 percent of participants' gross salaries for both years. The Township has paid all contributions required through December 31, 2009.

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.

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>
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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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.

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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

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

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, 2008 and 2007.

	2008	2007
Assets	\$40,737,740	\$43,210,703
Liabilities	(12,981,818)	(13,357,837)
Net Assets	\$27,755,922	\$29,852,866

At December 31, 2008 and 2007, respectively, liabilities noted above include approximately \$12.1 million and \$12.5 million of estimated incurred claims payable. The assets and net assets above also include approximately \$10.9 million and \$11.6 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2008 and 2007, 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 \$26,677.

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	
2009	\$25,581
2008	27,888
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.



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CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2009 and 2008 and have issued our report thereon dated September 1, 2010, 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 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and other deficiencies we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 and 2008-003 described in the accompanying schedule of to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2009-002, 2009-003, 2008-001, 2008-002, and 2008-004 described in the accompanying schedule of findings to be significant deficiencies.

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 2009-002, 2009-003, 2008-001, 2008-002 and 2008-004.

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 September 1, 2010.

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.

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

CANTER & ASSOCIATES



Poland, Ohio
September 1, 2010

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

Finding # 2009-001

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 2009. 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's 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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

Finding #2009-002

Significant Deficiency and Material Noncompliance

Ohio Revised Code Section 5705.39 provides that appropriations from each fund shall not exceed the estimated resources available for expenditures as certified by the county budget commission. The following funds had appropriations in excess of the amount certified as available by the budget commission for the year ended December 31, 2009:

Fund	Appropriation Authority	Estimated Resources	Excess
Road & Bridge (2031)	\$74,093	\$54,093	(\$20,000)
Special Levy Fire (2191)	895,224	845,225	(\$49,999)
Special Levy Police (#2192)	1,536,566	1,436,567	(\$99,999)
Law Enforcement Trust (2261)	65,395	63,596	(\$1,799)
Permanent Improvement (4301)	4,620	490	(\$4,130)

In that appropriations are based on the projected revenue anticipated on being received and expenditures are then based on these appropriations, it is then imperative that appropriations be in line with the amended certificate to guard against overspending and or deficit fund balances.

Management's response:

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

Finding #2009-003

Significant Deficiency and Material Noncompliance

Though no statutory provisions directly address inter-fund *advances*, the following requirements are in part derived from Ohio Rev. Code Sections: 5705.10 (restriction on the purpose for which funds may be used); 5705.14, 5705.15, and 5705.16 (transfer of funds); 5705.39 (appropriations limited to estimated resources); 5705.41 (restriction on appropriation/ expenditure of money); and 5705.36 (certification of available revenue).

Inter-fund cash advances may be a desirable method of resolving cash flow problems without the necessity of incurring additional interest expense for short-term loans and to provide the necessary "seed" for grants that are allocated on a reimbursement basis. The intent for cash advances is to require repayment within the current or succeeding year. Inter-fund cash advances are subject to the following requirements:

- Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in Sections 5705.14 to 5705.16 of the Ohio Rev. Code. Advances, on the other hand, *temporarily* reallocate cash from one fund to another and involve an expectation of repayment;
- In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established;
- The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and
- Advances must be approved by a formal resolution of the taxing authority of the subdivision which must include:
 - A specific statement that the transaction is an advance of cash, and
 - An indication of the money (fund) from which it is expected that repayment will be made.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

Finding #2009-003-continued

Significant Deficiency and Material Noncompliance

- When a fund ends the year with negative cash, it is not appropriate to present an *advance* on the budgetary statement to eliminate the negative cash fund balance. Even though, in substance, the government has made an advance, it is not acceptable to “hide” noncompliance by creating an advance not properly authorized by the government. However, the government should post an interfund receivable and payable to eliminate the negative cash fund balance on the GAAP financial statements. The government should select the fund to report the receivable.

In 2009 numerous advances were made between the General Fund and the Special Revenue Funds. The General Fund advanced \$163,597 to the Special Levy Fire (\$69,000), Special Levy Police (\$87,000), Permissive Motor Vehicle (\$3,000), Motor Vehicle Tax (\$1,797) and law Enforcement Trust (\$2,800). The Road& Bridge repaid \$20,000, Special Levy Fire repaid \$87,500, Special Levy Police repaid \$92,000, Permissive Motor Vehicle repaid \$4,800 and the Law Enforcement Trust repaid \$2,800.

For 2009 only one of these advances was approved by a formal resolution by the Board of Trustees.

We recommend that all advances be approved by formal resolution by the Board of Trustees.

Management’s response:

All future advances will be approved by a formal resolution by the Board of Trustees to ensure no future violations

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

Finding #2008-001

Significant Deficiency 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, 2008:

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,077,176	\$1,245,437	(\$168,261)
Special Levy Police (2191)	1,386,692	1,485,102	(\$98,410)
Brimfield-Tallmadge JEDD M&I (2193)	306	31,881	(\$31,575)
Brimfield-Kent JEDD M&I (2191)	0	13,229	(\$13,229)
Law Enforcement Trust (2261)	12,187	18,418	(\$6,231)
Lighting Assessment-Beachcrest (2401)	0	4,353	(\$4,353)
Lighting Assessment-Willowbrook (2402)	0	615	(\$615)
Lighting-Assessment-King (2404)	0	12,421	(\$12,421)
Lighting-Assessment-Portage (2405)	0	461	(\$461)
Lighting-Assessment-Marsh Landing (2406)	0	1,638	(\$1,638)
General Bond/Note Retirement (3101)	0	467,990	(\$467,990)
Permanent Improvement Fund (4301)	0	4,130	(\$4,130)

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's response:

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

Finding # 2008-002

Significant Deficiency and 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 2008. 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's 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 # 2008-003

Material Weakness

The Township utilizes the Uniform Accounting Network (UAN), a computerized system of accounting. This system was developed by the Auditor of State's office, which when properly instituted will provide a good form of internal controls and safeguards for governmental accounting transactions.

The Uniform Accounting Network (UAN) Manual provides instructions for the Township's cash management of bank reconciliations which provide the ability to reconcile the primary checking account balance in the system with the monthly bank account statement. Additional applications in the manual also provide reconciling any other account(s) and investments that the Township may have.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

Finding # 2008-003-continued

Material Weakness

The Township's financial records were not properly reconciled with the Township's depositories on a monthly basis during 2008. Every month there were posting errors to the records of the Township, which also affected the accuracy of the Township's annual financial reports. Adjustments were required to be made to the financial statements and the records of the Township.

Without an accurate monthly reconciliation between the books and the banks utilized by the Township, and maintaining current and accurate posting of records, undetected errors or irregularities could occur and not be corrected on a timely basis.

In order to present an accurate account of the financial operations of the Township, monthly bank reconciliations need to be performed. Any errors to the reconciliation should be corrected and/or disclosed as soon as possible. Monthly reconciliations should be performed by the Fiscal Officer and any unusual adjustments needed to reconcile should be presented to the Board of Trustees.

Management's response:

Monthly reconciliations will be performed and any adjusting entries will be properly identified on the reconciliations. Any errors on the reconciliation will be corrected and/or disclosed as soon as identified. Reconciliations will be presented to the Board for their review and approval.

Finding #2008-004

Significant Deficiency and Material Noncompliance

Though no statutory provisions directly address inter-fund *advances*, the following requirements are in part derived from Ohio Rev. Code Sections: 5705.10 (restriction on the purpose for which funds may be used); 5705.14, 5705.15, and 5705.16 (transfer of funds); 5705.39 (appropriations limited to estimated resources); 5705.41 (restriction on appropriation/ expenditure of money); and 5705.36 (certification of available revenue).

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

Finding #2008-004-continued

Significant Deficiency and Material Noncompliance

Inter-fund cash advances may be a desirable method of resolving cash flow problems without the necessity of incurring additional interest expense for short-term loans and to provide the necessary "seed" for grants that are allocated on a reimbursement basis. The intent for cash advances is to require repayment within the current or succeeding year. Inter-fund cash advances are subject to the following requirements:

- Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in Sections 5705.14 to 5705.16 of the Ohio Rev. Code. Advances, on the other hand, *temporarily* reallocate cash from one fund to another and involve an expectation of repayment;
- In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established;
- The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and
- Advances must be approved by a formal resolution of the taxing authority of the subdivision which must include:
 - A specific statement that the transaction is an advance of cash, and
 - An indication of the money (fund) from which it is expected that repayment will be made.
- When a fund ends the year with negative cash, it is not appropriate to present an *advance* on the budgetary statement to eliminate the negative cash fund balance. Even though, in substance, the government has made an advance, it is not acceptable to "hide" noncompliance by creating an advance not properly authorized by the government. However, the government should post an interfund receivable and payable to eliminate the negative cash fund balance on the GAAP financial statements. The government should select the fund to report the receivable.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

Finding #2008-004-continued

Significant Deficiency and Material Noncompliance

In 2008 numerous advances were made between the General Fund and the Special Revenue Funds. The General Fund advanced \$402,600 to the Road & Bridge (\$51,800), Special Levy Fire (\$304,500), Special Levy Police (\$43,000), Permissive Motor Vehicle (\$1,800), and Ambulance and Emergency (\$1,500). The Road & Bridge repaid \$800, Special Levy Fire repaid \$290,000, and the Special Levy Police repaid \$38,000.

For 2008 none of these advances were approved by a formal resolution by the Board of Trustees.

We recommend that all advances be approved by formal resolution by the Board of Trustees.

Management's response:

All future advances will be approved by a formal resolution by the Board of Trustees to ensure no future violations

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEARS ENDED DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2007-001	Misclassification of revenue and expenditures.	No	Not corrected: Repeated as Finding 2009-001 and 2008-002.
2007-002 and 2006-002	ORC 5705.41(B) properly appropriating expenditures.	No	Not Corrected: Repeated as Findings 2008-001
2006-001	Double payment of invoices.	Yes	

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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
DECEMBER 7, 2010**