



Dave Yost • Auditor of State

BRADY TOWNSHIP
WILLIAMS COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Brady Township
Williams County
20332 County Road K
West Unity, Ohio 43570-9764

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Brady Township, Williams County, Ohio (the Township), as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Brady Township, Williams County, Ohio as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during 2011 the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

May 28, 2013

**BRADY TOWNSHIP
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$31,149	\$135,272	\$15,497		\$181,918
Charges for Services	13,500				13,500
Licenses, Permits and Fees		2,900			2,900
Intergovernmental	28,937	136,491	2,233		167,661
Earnings on Investments	589	161			750
Miscellaneous		2,475			2,475
<i>Total Cash Receipts</i>	<u>74,175</u>	<u>277,299</u>	<u>17,730</u>		<u>369,204</u>
Cash Disbursements					
Current:					
General Government	56,777	13,277			70,054
Public Safety		42,368			42,368
Public Works	743	129,058			129,801
Health		22,006			22,006
Conservation-Recreation			285		285
Capital Outlay	2,370	29,953			32,323
Debt Service:					
Principal Retirement		10,000	15,136		25,136
Interest and Fiscal Charges			4,581		4,581
<i>Total Cash Disbursements</i>	<u>59,890</u>	<u>246,662</u>	<u>20,002</u>		<u>326,554</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,285</u>	<u>30,637</u>	<u>(2,272)</u>		<u>42,650</u>
Other Financing Receipts					
Other Financing Sources	900				900
<i>Net Change in Fund Cash Balances</i>	15,185	30,637	(2,272)		43,550
<i>Fund Cash Balances, January 1</i>	<u>61,563</u>	<u>469,926</u>	<u>36,669</u>	<u>\$35,329</u>	<u>603,487</u>
Fund Cash Balances, December 31					
Restricted		450,286	34,397	35,329	520,012
Committed		50,277			50,277
Unassigned	76,748				76,748
<i>Fund Cash Balances, December 31</i>	<u>\$76,748</u>	<u>\$500,563</u>	<u>\$34,397</u>	<u>\$35,329</u>	<u>\$647,037</u>

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

**BRADY TOWNSHIP
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$31,576	\$130,546	\$15,788		\$177,910
Charges for Services	12,750				12,750
Licenses, Permits and Fees		3,500			3,500
Intergovernmental	59,630	139,384	2,248	\$1,667	202,929
Earnings on Investments	712	198			910
Miscellaneous	320	675			995
<i>Total Cash Receipts</i>	<u>104,988</u>	<u>274,303</u>	<u>18,036</u>	<u>1,667</u>	<u>398,994</u>
Cash Disbursements					
Current:					
General Government	86,731				86,731
Public Safety		41,598			41,598
Public Works	718	129,854			130,572
Health		21,665			21,665
Conservation-Recreation			392		392
Capital Outlay		6,100		7,871	13,971
Debt Service:					
Principal Retirement		10,000	14,357		24,357
Interest and Fiscal Charges			5,360		5,360
<i>Total Cash Disbursements</i>	<u>87,449</u>	<u>209,217</u>	<u>20,109</u>	<u>7,871</u>	<u>324,646</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>17,539</u>	<u>65,086</u>	<u>(2,073)</u>	<u>(6,204)</u>	<u>74,348</u>
Other Financing Receipts					
Sale of Capital Assets	8,628				8,628
Other Financing Sources	764				764
<i>Total Other Financing Receipts</i>	<u>9,392</u>				<u>9,392</u>
<i>Net Change in Fund Cash Balances</i>	26,931	65,086	(2,073)	(6,204)	83,740
<i>Fund Cash Balances, January 1</i>	<u>34,632</u>	<u>404,840</u>	<u>38,742</u>	<u>41,533</u>	<u>519,747</u>
Fund Cash Balances, December 31					
Restricted		427,695	36,669	35,329	499,693
Committed		42,231			42,231
Unassigned	61,563				61,563
<i>Fund Cash Balances, December 31</i>	<u>\$61,563</u>	<u>\$469,926</u>	<u>\$36,669</u>	<u>\$35,329</u>	<u>\$603,487</u>

**BRADY TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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 Brady Township, Williams County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection services

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

B. Accounting Basis

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

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

C. Deposits 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.

The Township values certificates of deposit at cost.

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 that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Township had the following significant Special Revenue funds:

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

2006 Fire Levy Fund – This fund receives tax monies assessed and levied on the general assessed valuation of real and personal property to be used for fire protection services.

**BRADY TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service fund:

Fire Hall Bond Retirement Fund – This fund receives property tax receipts for the payment of the bonded debt for the 1993 construction of the fire hall.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project funds:

Capital Projects/Equipment Fund – This fund is used to acquire property and equipment and to construct capital improvements.

Federal Emergency Management Agency (FEMA) Grant Fund – The Township received a grant from the State of Ohio in 2010 to purchase fire equipment.

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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) 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 canceled, and reappropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

**BRADY TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

In 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which had no effect on fund balances. Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**BRADY TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

G. 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.

H. 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 Deposits

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

	2012	2011
Demand deposits	\$612,037	\$568,487
Certificates of deposit	35,000	35,000
Total deposits	\$647,037	\$603,487

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$79,050	\$75,075	(\$3,975)
Special Revenue	268,042	277,299	9,257
Debt Service	16,603	17,730	1,127
Total	\$363,695	\$370,104	\$6,409

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$89,390	\$59,890	\$29,500
Special Revenue	513,000	246,662	266,338
Debt Service	22,700	20,002	2,698
Capital Projects	13,000		13,000
Total	\$638,090	\$326,554	\$311,536

**BRADY TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

3. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$113,002	\$114,380	\$1,378
Special Revenue	285,169	274,303	(10,866)
Debt Service	15,494	18,036	2,542
Capital Projects	8,867	1,667	(7,200)
Total	<u>\$422,532</u>	<u>\$408,386</u>	<u>(\$14,146)</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$104,632	\$87,449	\$17,183
Special Revenue	672,445	209,217	463,228
Debt Service	54,236	20,109	34,127
Capital Projects	43,200	7,871	35,329
Total	<u>\$874,513</u>	<u>\$324,646</u>	<u>\$549,867</u>

4. Property Tax

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

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

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

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

5. Debt

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$69,223	5.43%
Small Government Fire Department Revolving Loan	47,500	0.00%
Total	<u>\$116,723</u>	

The general obligation bonds were issued in 1993 to finance the construction of a new fire hall. The bonds are collateralized solely by the Township's taxing authority.

**BRADY TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

5. Debt (Continued)

In November 2007, the Township was awarded a \$100,000 interest free loan from the Ohio Department of Commerce, State Fire Marshall's Division for the purchase of a new fire truck. The truck is used as collateral for this loan

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

Year ending December 31:	General Obligation Bonds	Revolving Loan
2013	\$20,788	\$10,000
2014	20,788	10,000
2015	20,788	10,000
2016	20,788	10,000
2017		7,500
Total	\$83,152	\$47,500

6. Retirement System

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 the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2012.

7. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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



Dave Yost • Auditor of State

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

Brady Township
Williams County
20332 County Road K
West Unity, Ohio 43570-9764

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of Brady Township, Williams County, Ohio (the Township), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated May 28, 2013 wherein we noted the Township followed a special purpose framework the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and wherein the Township adopted Governmental Accounting Standards Board Statement No. 54 in 2011.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2012-001 and 2012-002 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-003.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

May 28, 2013

**BRADY TOWNSHIP
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-001

Material Weakness – Financial Reporting

The following classification errors within funds were noted in the financial statements that required audit adjustments.

1. The proceeds from a sale of a fire truck in 2011 for \$8,628 were posted as "Intergovernmental Receipts" of instead of "Sale of Fixed Asset" in the General Fund.
2. In 2011 Tangible Personal Property Tax reimbursements received in the General Fund for \$3,958 and Special Revenue funds for \$15,405 were posted as "Taxes" instead of "Intergovernmental Receipts".
3. A LEPC Grant received from the County for Hazmat Fire Training reimbursement in 2011 for \$1,187 was posted as "Charges for Services" instead of "Intergovernmental Receipts".
4. Principal payments of \$10,000 in 2011 and 2012 made from the Fire fund for the fire hall debt was posted as "Capital Outlay" instead of "Principal Retirement".
5. In 2012 Tangible Personal Property Tax reimbursements received in the General Fund for \$2,848 and Special Revenue funds for \$11,717 were posted as "Taxes" instead of "Intergovernmental Receipts".

To ensure the Township's financial statements and notes to the statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Board of Trustees, to identify and correct errors and omissions. The Fiscal Officer should also review the Township Handbook's chart of accounts to ensure all accounts are being properly posted to the financial statements.

FINDING NUMBER 2012-002

Material Weakness – Fund Classification

Governmental Accounting Standards Board (GASB) Statement No. 54 established criteria for reporting governmental fund balances based on constraints placed upon the use of resources reported in the governmental funds along with changing the definition of governmental fund type classification. Special Revenue funds are defined as funds used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Restricted revenues included those where constraints have placed been on the use by either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments (i.e., State Statutes); or (b) imposed by law through constitutional provisions or enabling legislation.

Committed revenues include amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (such as an ordinance or resolution).

**FINDING NUMBER 2012-002
(Continued)**

In 2012 and 2011, the fund balances of all Special Revenue funds were classified as “assigned” instead of “restricted” or “committed”. The Township’s fund balance of the Special Revenue funds, except the Road and Bridge fund, are considered to be “restricted”.

The receipts in the Road and Bridge fund are inside millage approved by the Board of Trustees committing them to be used for road and bridge improvements and maintenance purposes.

Adjustments were made to classify the Road and Bridge fund balances of \$42,231 at December 31, 2011, and \$50,277 at December 31, 2012, as “committed” and all other Special Revenue fund balances of, \$427,695 at December 31, 2011 and \$450,286 at December 31, 2012 to “restricted”.

In order to ensure the Township’s governmental fund balances are reported in accordance with GASB 54, we recommend the Township review Auditor of State Bulletin 2011-004.

FINDING NUMBER 2012-003

Noncompliance Citation and Material Weakness

Ohio Revised Code, §5705.10, requires all revenue derived from a special levy shall be credited to a special fund for such purpose for which the levy was made.

Real Estate Property Taxes collected as a result of a levy for cemeteries in the amount of \$5,600 were incorrectly allocated to the Road and Bridge fund instead of the Cemetery Levy fund.

Adjustments were recorded in the financial statements and the Township’s accounting records.

Levy proceeds should be credited to the fund established in accordance with this code section.

Officials’ Response:

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

BRADY TOWNSHIP
WILLIAMS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Recommendation to improve monitoring of financial statements and notes to the financial statements.	No	Not corrected. Reissued as Finding Number 2012-001 in this report.

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Dave Yost • Auditor of State

BRANDY TOWNSHIP

WILLIAMS 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
JUNE 18, 2013**