



|

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2011 & 2010**



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Brimfield Township, Portage County, prepared by Canter & Associates, for the audit period January 1, 2010 through December 31, 2011. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Findings for Recovery:

- Ohio Revised Code §'s 505.60, 505.601 and 505.603 provides for the board of trustees of any township to procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization and related type benefits for township officers and employees and their immediate dependents.

The Brimfield Township Board of Trustees passed a resolution authorizing the provisions of providing health insurance to the officers and employees of the township. The Brimfield Township Personnel Policy Manual Section 7.1 – Health Insurance, allows for employees to elect to receive single; family; employee/spouse; or, employee/child coverage.

Former township full-time employee Michael Steven Detwiller opted to receive hospitalization insurance as provided by Brimfield Township. For the period 1999 through 2008, Mr. Detwiller elected the coverage for employee/spouse as provided in Township Policy Section 7.1. In 2008, Brimfield Township performed a health insurance eligibility audit, at which time employees were required to provide legal documentation for all dependants covered by the plan, including legal marriage licenses for spouses. Mr. Detwiller was unable to provide the Township with a legal marriage license, in that his plan coverage was disclosed as employee/spouse. Mr. Detwiller claimed a wife on his insurance plan from March 1999 until his termination in August 2008, and did not provide any evidence to support being legally married.

In that the cost of the selected plan chosen by the employee has different rates charged the Township, it was determined that the cost difference the township paid for an employee/spouse plan as opposed to a single plan, amounted to a \$31,152 overpayment the Township paid in hospitalization coverage for Mr. Detwiller for the period of March 1999 to August 2008.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Michael Steven Detwiller, a former Brimfield Township employee in the amount of \$31,152 and in favor of Brimfield Township - Road and Bridge Fund, in the amount of \$31,152.

Additionally, 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 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.re. Village of Linndale v. Masten*, 18 Ohio St. 3d 228 (1985)). Public officials controlling public funds or property are secondary liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained for the persons who unlawfully obtained such funds or property. (1980 Op. Atty. Gen. No 80-074).

Therefore, because all township officials approved and signed the warrants resulting in improper payments, the following are proposed to be jointly and severally liable for a portion of the amount of \$31,152 based on their time in office: former fiscal officer Charles Sprague and his bonding company, Ohio Township Risk Management Authority in the amount of \$24,158; current fiscal officer John Dalziel and his bonding companies, Travelers Casualty and Surety Company of America, in the amount of \$6,994; current trustees Michael Kostensky, C. Daniel Tronge, and Susan Fields and their bonding company, Ohio Township Risk Management Authority, in the amounts of \$21,056, \$13,224, and \$18,740, respectively; and prior trustees and bonding company Ohio Township Risk Management Authority in the amounts of: Stephen Moore \$1,583; David Elias \$17,928; Robert Ebie \$10,096; Rudy Tosenberger \$10,829 will all be jointly and severally liable in the amount of \$31,152 and in favor of the Road and Bridge Fund to the extent that recovery is not obtained from Michael Steven Detwiller.

- Pursuant to Ohio Revised Code § 505.24, in calendar years 2011 and 2010, in a township having a budget of more than \$3,500,001 but not more than \$6,000,000, the compensation of a township trustee shall be set at a maximum of \$12,346 annually.

The Township's Certificate of Estimated Resources, as approved by the County Budget Commission, for calendar years 2011 and 2010 were \$5,151,598 and \$4,959,676, respectively. As such, a township trustee's maximum annual salary for years 2011 and 2010 should have been \$12,346.

A review of the payroll records indicate that Trustee Susan Fields was paid \$13,461 in 2011 and \$12,430 in 2010 for an overpayment of \$1,115 in 2011 and \$84 in 2010, for a grand total of \$1,199 of compensation exceeding the allowed amount per Code.

The additional compensation received by Trustee Susan Fields was for payment in-lieu of the hospitalization plans the Township offers pursuant to Ohio Revised Code § 505.60 and 505.601. Elected public officials whose compensation is set by statute are not entitled to receive fringe benefits that are not statutorily provided or made available. Townships elected officials are entitled to receive health insurance as part of their compensation and to have said premiums paid with public funds. Since the salary of a trustee is set by statute, receiving payment in-lieu of an allowable fringe benefit constitutes an increase in compensation, contrary to the maximum permitted by ORC 505.24.

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Susan Fields, Township Trustee, and her bonding company Ohio Township Association Risk Management Authority, jointly and severally in the amount of \$1,199 and in favor of Brimfield Township's General Fund.

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 strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. 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 to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No 80-074.

Township Fiscal Officer John Dalziel issued the checks that resulted in the improper compensation. Accordingly, John Dalziel, Fiscal Officer, and his bonding company, Travelers Casualty and Surety Company of America, will be jointly and severally liable in the amount of \$1,199 and in favor of Brimfield Township's General Fund to the extent that recovery is not obtained from Susan Fields or her bonding company.

- Pursuant to Ohio Revised Code § 505.24, in calendar years 2011 and 2010, in a township having a budget of more than \$3,500,001 but not more than \$6,000,000, the compensation of a township trustee shall be set at a maximum of \$12,346 annually.

The Township's Certificate of Estimated Resources, as approved by the County Budget Commission, for calendar years 2011 and 2010 were \$5,151,598 and \$4,959,676, respectively. As such, a township trustee's maximum annual salary for years 2011 and 2010 should have been \$12,346.

A review of the payroll records indicate that trustee Charles Sprague was paid \$13,441 in 2011 and \$12,430 in 2010 for an overpayment of \$1,095 in 2011 and \$84 in 2010, for a grand total of \$1,179 of compensation exceeding the allowed amount per Code.

The additional compensation received by Trustee Charles Sprague was for payment in-lieu of the hospitalization plans the Township offers pursuant to Ohio Revised Code § 505.60 and 505.601. Elected public officials whose compensation is set by statute are not entitled to receive fringe benefits that are not statutorily provided or made available. Townships elected officials are entitled to receive health insurance as part of their compensation and to have said premiums paid with public funds. In that the salary of a trustee is set by statute, receiving payment in-lieu of an allowable fringe benefit constitutes an increase in compensation, contrary to the maximum permitted by ORC 505.24.

In accordance with the foregoing facts and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Charles Sprague, Township Trustee, and his bonding company Ohio Township Association Risk Management Authority, jointly and severally in the amount of \$1,179 and in favor of Brimfield Township's General Fund.

Board of Trustees
Brimfield Township
1333 Tallmadge Avenue
Kent, Ohio 44240
Page -5-

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 strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. 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 to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att’y Gen. No 80-074.

Township Fiscal Officer John Dalziel issued the checks that resulted in the improper compensation. Accordingly, John Dalziel, Fiscal Officer, and his bonding company, Travelers Casualty and Surety Company of America, will be jointly and severally liable in the amount of \$1,179 and in favor of Brimfield Township’s General Fund to the extent that recovery is not obtained from Charles Sprague or his bonding company.

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.

Board of Trustees
Brimfield Township
1333 Tallmadge Avenue
Kent, Ohio 44240
Page -6-

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. The Brimfield Township is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

April 17, 2013

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Table of Contents	1
Independent Accountants' Report.....	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental Fund Types - For the Year Ended December 31, 2011	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Fiduciary Fund Types - For the Year Ended December 31, 2011	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental Fund Types - For the Year Ended December 31, 2010.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Fiduciary Fund Types - For the Year Ended December 31, 2010.....	7
Notes to the Financial Statements	8
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21
Schedule of Findings.....	23
Schedule of Prior Audit Findings.....	28



6400 Olde Stone Crossing
Poland, Ohio 44514
Ph: 330.707.9035
Fax: 888.516.1186
www.cantercpa.net

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, 2011 and 2010. 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, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 and the reserve for encumbrances as of December 31, 2010, of Brimfield Township, Portage County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011, Brimfield Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 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. 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
Poland, Ohio

February 28, 2013

**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, 2011**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Property and Other Local Taxes	\$384,570	\$2,030,367	\$160,956	\$2,575,893
Charges for Services	0	216,788	0	216,788
Licenses, Permits, and Fees	123,177	16,818	0	139,995
Fines and Forfeitures	0	120,772	0	120,772
Intergovernmental	204,096	935,724	0	1,139,820
Special Assessments	0	6,622	0	6,622
Earnings on Investments	15	0	0	15
Miscellaneous	53,592	155,980	0	209,572
	765,450	3,483,071	160,956	4,409,477
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	617,736	108,200	0	725,936
Public Safety	0	2,683,273	0	2,683,273
Public Works	48,949	476,910	0	525,859
Health	0	73,201	0	73,201
Conservation-Recreation	5,309	0	0	5,309
Other	0	38,192	0	38,192
Capital Outlay	0	113,591	0	113,591
Debt Service:				
Redemption of Principal	0	100,000	134,828	234,828
Interest and Other Fiscal Charges	0	4,048	26,551	30,599
	671,994	3,597,415	161,379	4,430,788
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	93,456	(114,344)	(423)	(21,311)
Other Financing Receipts/(Disbursements):				
Other Debt Proceeds	0	150,000	0	150,000
Advances In	62,500	53,500	5,000	121,000
Advances Out	(58,500)	(57,500)	(5,000)	(121,000)
	4,000	146,000	0	150,000
Total Other Financing Receipts/(Disbursements)				
<i>Net Change in Fund Cash Balances</i>	97,456	31,656	(423)	128,689
Fund Cash Balances, January 1	100,112	626,403	10,418	736,933
Fund Cash Balances, December 31				
Restricted	0	658,397	9,995	668,392
Assigned	381	0	0	381
Unassigned	197,188	(338)	0	196,850
	197,188	(338)	0	196,850
<i>Total Fund Cash Balances, December 31</i>	\$197,569	\$658,059	\$9,995	\$865,623

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, 2011**

	<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
Total Operating Cash Receipts	<u>0</u>	<u>0</u>	<u>0</u>
Operating Cash Disbursements:			
Current:			
Other	48	0	48
Total Receipts Over/(Under) Disbursements	(48)	0	(48)
Non-Operating Receipts (Disbursements)			
Other (Uses)	0	(75,323)	(75,323)
Miscellaneous	0	80,969	80,969
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>0</u>	<u>5,646</u>	<u>5,646</u>
<i>Net Change in Fund Cash Balances</i>	(48)	5,646	5,598
Fund Cash Balances, January 1	<u>1,596</u>	<u>4,361</u>	<u>5,957</u>
Fund Cash Balances, December 31	<u>\$1,548</u>	<u>\$10,007</u>	<u>\$11,555</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, 2010**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$355,252	\$1,873,257	\$165,633	\$0	\$2,394,142
Charges for Services	0	218,662	0	0	218,662
Licenses, Permits, and Fees	119,131	23,068	0	0	142,199
Fines and Forfeitures	0	80,355	0	0	80,355
Intergovernmental	316,296	881,213	0	145,538	1,343,047
Special Assessments	0	6,944	0	0	6,944
Earnings on Investments	32	0	0	0	32
Miscellaneous	48,900	90,105	0	0	139,005
Total Cash Receipts	839,611	3,173,604	165,633	145,538	4,324,386
Cash Disbursements:					
Current:					
General Government	639,835	0	0	0	639,835
Public Safety	0	2,614,213	0	0	2,614,213
Public Works	121,365	408,967	0	0	530,332
Health	0	18,100	0	0	18,100
Conservation-Recreation	8,707	0	0	0	8,707
Other	0	29,811	0	515	30,326
Capital Outlay	0	51,780	0	145,538	197,318
Debt Service:					
Redemption of Principal	0	43,317	133,997	0	177,314
Interest and Other Fiscal Charges	0	1,494	31,787	0	33,281
Total Cash Disbursements	769,907	3,167,682	165,784	146,053	4,249,426
Total Receipts Over/(Under) Disbursements	69,704	5,922	(151)	(515)	74,960
Other Financing Receipts/(Disbursements):					
Other Debt Proceeds	0	100,000	0	0	100,000
Sale of Fixed Assets	0	119	0	0	119
Advances In	2,200	8,900	0	0	11,100
Advances Out	(8,900)	(2,200)	0	0	(11,100)
Other Financing Uses	0	(37,182)	0	0	(37,182)
Total Other Financing Receipts/(Disbursements)	(6,700)	69,637	0	0	62,937
<i>Net Change in Fund Cash Balances</i>	63,004	75,559	(151)	(515)	137,897
Fund Cash Balances, January 1	37,108	550,845	10,569	515	599,037
Total Fund Cash Balances, December 31	\$100,112	\$626,404	\$10,418	\$0	\$736,934
<i>Reserve for Encumbrances, December 31</i>	\$33,226	\$59,547	\$0	\$0	\$92,773

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, 2010**

	<u>Fiduciary Fund Types</u>		Totals (Memorandum Only)
	<u>Private Purpose Trust</u>	<u>Agency</u>	
Operating Cash Receipts:			
Earnings on Investments	\$0	\$0	\$0
Total Operating Cash Receipts	<u>0</u>	<u>0</u>	<u>0</u>
Operating Cash Disbursements:			
Other	<u>0</u>	<u>0</u>	<u>0</u>
Total Receipts Over/(Under) Disbursements	0	0	0
Non-Operating Receipts (Disbursements)			
Miscellaneous	0	76,191	76,191
Other (Uses)	<u>0</u>	<u>(92,708)</u>	<u>(92,708)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>0</u>	<u>(16,517)</u>	<u>(16,517)</u>
<i>Net Change in Fund Cash Balances</i>	0	(16,517)	(16,517)
Fund Cash Balances, January 1	<u>1,596</u>	<u>20,877</u>	<u>22,473</u>
Fund Cash Balances, December 31	<u>\$1,596</u>	<u>\$4,360</u>	<u>\$5,956</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, 2011 AND 2010**

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. Note 7 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 \$33,406 in 2010 and \$34,288 in 2011 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 \$251,540 in 2010 and \$299,243 in 2011 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. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

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, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The Township invested 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.

Special Levy Road Levy – This fund receives property tax money to provide repairs and maintenance of Township roads.

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

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Debt Service Fund

This fund accounts for resources the Township accumulates to pay 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 Township’s general obligation debt.

4. Capital Projects Fund

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

OPWC Grant Fund – The Township received a grant 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 funds:

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.

Private Purpose Trust Fund- The Township has a cemetery bequest fund. Only the interest is expended, and the principal remains permanently.

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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, 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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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>2011</u>	<u>2010</u>
Demand deposits	\$877,178	\$266,248
Repurchase Agreements (Investments)	<u>0</u>	<u>476,642</u>
Total deposits and investments	<u><u>\$877,178</u></u>	<u><u>\$742,890</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

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. The Township closed the sweep accounts (Repurchase Agreements) during 2011 and only has one demand account remaining.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$744,389	\$765,450	\$21,061
Special Revenue	3,433,929	3,633,071	199,142
Debt Service	164,393	160,956	(3,437)
Private Purpose Trust	28	0	(28)
Total	\$4,342,738	\$4,559,477	\$216,738

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$780,458	\$671,994	\$108,464
Special Revenue	4,050,495	3,597,415	453,080
Debt Service	164,393	161,379	3,014
Private Purpose Trust	149	48	101
Total	\$4,995,495	\$4,430,836	\$564,659

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$943,470	\$839,611	(\$103,859)
Special Revenue	3,164,493	3,273,723	109,230
Debt Service	165,633	165,633	0
Capital Projects	0	145,538	145,538
Private Purpose Trust	28	0	(28)
Total	\$4,273,624	\$4,424,505	\$150,881

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$981,313	\$803,133	\$178,180
Special Revenue	3,540,331	3,264,411	275,920
Debt Service	189,557	165,784	23,773
Capital Projects	146,568	146,053	515
Private Purpose Trust	149	0	149
Total	\$4,857,918	\$4,379,381	\$478,537

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

3. BUDGETARY ACTIVITY (Continued)

*The budgetary basis expenditures presented in the tables above include encumbrances outstanding for the year ended December 31, 2011 as well as those presented on the financial statements for the year ended December 31, 2010.

Compliance: At December 31, 2010, the Special Levy-Road Levy fund had total expenditures plus encumbrances in excess of appropriations, which is in violation of Section 5705.41, Ohio Revised Code.

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

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
G.O. Bonds-Variou Purpose	\$261,670	4.25%
G.O. Bonds- Land Acquisition	\$221,000	3.80%
G.O. Notes- Police Computers	\$14,324	6.50%
G.O. Notes- Police Building	<u>150,000</u>	4.00%
Total	<u><u>\$411,670</u></u>	

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 \$261,670 was outstanding at December 31, 2011.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

5. DEBT (Continued)

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 \$14,324 was outstanding at December 31, 2011.

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 \$221,000 was outstanding at December 31, 2011.

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. This was paid off in 2010.

During 2010, The Board borrowed \$100,000 from Home Savings Bank at 3.9% for the reconstruction and repair of Township roads. Original issue date was 8-13-2010 and maturity date of 8-13-2011. This loan was paid off during 2011.

During 2011, the Board determined it necessary to enter into a \$150,000 bridge loan with Home Savings at 4% to construct the new police department. The loan is for one year from 09-07-2011 with the loan being due on 09-07-2012. There is one interest payment of \$3,033.33 and 1 payment of \$150,000 on 09-07-2012.

The Township's taxing authority collateralized all the outstanding debt.

Principal and interest requirements to retire the Chase Various Purpose Bonds, the Home Savings loans and the Land Acquisition Bond outstanding at December 31, 2011, are as follows:

Year Ended December 31,	Chase Various Purpose Bond			Home Savings Loan		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 87,223	\$ 11,121	\$ 98,344	\$ 14,324	\$ 711	\$ 15,035
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>\$261,670</u>	<u>\$22,242</u>	<u>\$283,912</u>	<u>\$14,324</u>	<u>\$711</u>	<u>\$15,035</u>

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

5. DEBT (Continued)

Year Ended December 31,	Land Acquisition Bond			Home Svgs. Police Bridge Loan		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$34,000	\$8,075	\$42,075	\$150,000	\$6,100	\$156,100
2013	34,000	6,783	40,783	0	0	0
2014	34,000	5,491	39,491	0	0	0
2015	34,000	4,199	38,199	0	0	0
2016	34,000	2,907	36,907	0	0	0
2017 - 2018	51,000	1,938	52,938	0	0	0
Total	<u>\$221,000</u>	<u>\$29,393</u>	<u>\$250,393</u>	<u>\$150,000</u>	<u>\$6,100</u>	<u>\$156,100</u>

6. CAPITAL LEASES

During 2010, the Township entered into a lease/purchase with Chase Equipment Finance for the lease/purchase of a Dump Truck, in the amount of \$120,457 at 3.5% interest for 5 years.

During 2011, the Township entered into a lease/purchase with Key Government Finance for three police cruisers and 1 SUV, in the amount of \$125,689 for 3 years at 4.62%.

Year Ended December 31,	Dump Truck	Police Vehicles
	Lease/Purchase	Lease
2012	\$ 26,131	\$ 43,801
2013	26,131	43,801
2014	26,131	0
2015	26,131	0
Total	<u>\$104,524</u>	<u>\$87,602</u>

7. 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 2011 and 2010, 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, 2011.

8. 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 for the benefit of their residents.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

8. JOINT VENTURES (Continued)

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:

Years	Income Tax Rate
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 JEDD's financial statements can be obtained by contacting the City of Kent's Finance Department.

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. One member representing the City and appointed by the Mayor, one member representing the Township and appointed by the Township Trustees, one member who is a business owner in the JEDD representing the business

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

8. JOINT VENTURES (Continued)

owners in the JEDD and appointed by the Township Trustees, one member who is a person employed within the JEDD and appointed by the Mayor with confirmation of City Council and one member selected by unanimous vote of all members appointed at the time. 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.

9. 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, 2010(the latest information available), OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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 government.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

9. RISK MANAGEMENT (Continued)

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, 2010, 2009 and 2008 (latest information available).

	2010	2009	2008
Assets	\$35,855,252	\$38,982,088	\$40,737,740
Liabilities	(10,664,724)	(12,880,766)	(12,981,818)
Net Assets	\$25,190,528	\$26,101,322	\$27,755,922

At December 31, 2010, 2009 and 2008, respectively, liabilities noted above include approximately \$9.9 million, \$12.0 million and \$12.1 million of estimated incurred claims payable. The assets and net assets above also include approximately \$9.5 million, \$11.5 million and \$10.9 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010, 2009 and 2008, 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 \$26,885.

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 annual 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	
2010	31,160
2011	36,331

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.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

10. SUBSEQUENT EVENT

The Township has filed on March 29, 2012, an action against a former Township employee and his spouse, for breach of a release agreement, conversion, and fraud relative to retirement. Because the lawsuit involves retirement, the Ohio Public Employee Retirement System is also named as a defendant. The case has been filed in the Portage County Courts, and no claims have been filed against the Township in this action.



6400 Olde Stone Crossing
Poland, Ohio 44514
Ph: 330.707.9035
Fax: 888.516.1186

CERTIFIED PUBLIC ACCOUNTANTS

WWW.CANTERCPA.NET

**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 Brimfield Township, Portage County (the Township) as of and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated February 28, 2013, 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 and also the Township in 2011 adopted Governmental Accounting Standards Board No. 54. 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 opinion 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 have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and 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 another deficiency we consider to be a significant deficiency.

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 more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-05 and 2011-06 described in the accompanying schedule of findings 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 finding 2011-07 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable 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 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-01 through 2011-04.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated February 28, 2013.

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

February 28, 2013

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-01

NON-COMPLIANCE CITATIONS

Ohio Revised Code § 505.24 and Ohio Attorney General Opinion 2004-036 establishes the salary amount and method of payment for trustee’s compensation. If the salary method is chosen for trustees compensation, then salaries not paid from the general fund, requires trustees to establish administrative procedures to document the proportionate amount chargeable to other township funds based on the kinds of services rendered. The “administrative procedures” can be timesheets or a similar method of record keeping, as long as the trustees’ document all time spent on township business and the type of service performed, in a manner similar to trustee’s paid per diem compensation. If trustees do not document their time, then no part of their salaries may be paid from these funds.

In 2010, Trustee Charles Sprague, was paid using the salary method and charged part of his compensation to funds other than the general fund with no “administrative procedures” presented to document the time spent to those funds. Without proper documentation to support charges to those funds, findings for adjustments for those funds are required. Trustee Sprague was paid \$7,122.65 from the cemetery fund and \$949.70 from the gasoline tax fund in 2010, for a total amount paid from funds other than the general fund of \$8,072.35.

The township made the adjustment from the general fund of \$8,072.35 to the cemetery fund of \$7,122.65 and the gasoline tax fund of \$949.70 on May 21, 2012.

Official’s Response:

We made the required adjustments above.

FINDING NUMBER 2011-02

Ohio Revised Code § 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2010 the Township had expenditures of \$100,000 in the Special Road Levy Fund with no formally approved appropriations.

The Township should follow the provisions of budgetary law that requires appropriations be set for each fund based on the amounts approved in the Certificate of Estimated Resources.

Official’s Response:

We will comply in the future.

FINDING NUMBER 2011-03

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal office must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account. Further, contracts and orders for expenditures lacking prior certification shall be null and void. There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made "then" at the time that he is completing his certification "now", sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. Amounts of less than \$3,000 may be paid by the fiscal officer without resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.
- Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
- Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operation expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During review of expenditures (non-payroll), we noted each year under audit 15% of items tested that the Township incurred an obligation prior to the fiscal officer certifying the availability of funds. More simply, the date of the invoice preceded the date of the purchase order.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification as described above should be used.

FINDING NUMBER 2011-03
(Continued)

We recommend the Township certify purchases to which section 5705.41(D) applies.. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Official's Response:

We will comply in the future.

FINDING NUMBER 2011-04

Ohio Revised Code § 9.38 provides that any public officer or employee who collects or receives payments due to the public shall deposit all public monies by him with the Fiscal Officer of the taxing district once every twenty four hours. If the amount of daily deposits does not exceed \$1,000 and the receipts can be safeguarded, the public office may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must not be later than three business days after receiving it.

The Township received monies that were not being deposited in a timely manner as required by this section.

Official's Response:

We will comply in the future.

FINDING NUMBER 2011-05

Material Weaknesses

Reconciliations

During the audit period, the Fiscal Officer's department did not properly reconcile the end of the month bank balances to the end of the month book balances.

The lack of accurate and timely performance of monthly bank reconciliations resulted in numerous errors which remained undetected and uncorrected until performance of the audit. These errors resulted in adjustments being made to the accounting system and financial statements to present accurate cash balances at year end.

We recommend that the Fiscal Officer or designee reconcile the month end bank balances to the cash balance per the accounting system on a monthly basis. Any items listed as adjustments to the reconciliations should be properly identified and support documentation attached to the reconciliations. All reconciliations should be reviewed and signed as approved, by the Board of Trustees.

Official's Response:

We will implement these procedures in the future.

FINDING NUMBER 2011-06

Material Weakness

Accounting Records

Sound financial reporting is the responsibility of the Fiscal Officer and Governing Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustments or reclassifications:

1. The Township did not post a debt payment in the amount of \$102, 891 paid directly by the bank to their accounting records
2. OPWC monies of \$145,538 paid directly to the vendor in 2010 on-behalf of the Township were not entered as memorandum receipts or expenditures as required.
3. Numerous reclassifications and adjustments were made to properly account for the revenue sources or expenditure transactions.
4. In three instances, receipts were posted twice to the accounting system.

These misstatements were caused by lack of management oversight. The reconciliations needed to be re-performed in order to determine an accurate book balance. As a result, significant adjustments and reclassifications were required to be made to the accounting records, and which the Township's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

We recommend the Township review the Ohio Township Handbook and the UAN Chart of Accounts for proper classifications of receipts and expenditures. Instances where monies are either received or paid on-behalf of the Township and the activity does not flow directly through the Township books, the Township should take additional care in assuring this activity does get posted to the ledgers. The Township should review the procedures outlined in Auditor of State Bulletin 2000-008 on how to properly account for on-behalf grants. Proper monthly reviews of the financial information by the Board and Fiscal Officer should be documented so that banking and book activities are all accounted for.

Official's Response:

We will implement these procedures in the future.

FINDING NUMBER 2011-07

Significant Deficiencies

Transfers and Advances

Transfers are intended to permanently reallocate money from one fund to another as authorized in ORC 5705.14 through 5705.16. Since this type of transaction will permanently change the total appropriations of funds, an amended certificate of estimated resources should be obtained from the county budget commission if the transfers were not originally anticipated and certified.

FINDING NUMBER 2011-07
(Continued)

Significant Deficiencies

Transfers and Advances

Advances are temporary loans to other funds which are ultimately going to be repaid. Advances have no effect on the budgetary process except when considering the available fund balance at the beginning of the year for any advances still outstanding at year-end.

In that the Board of Trustees acts through its resolutions and formal minutes, when the Board determines the necessity of making a transfer or advance, such action should be done by a resolution and duly noted in the minutes. The resolution shall have no more than one subject matter and should be clearly stated in its title. In regards to a resolution authorizing an advance, the resolution at a minimum should include the following:

- Amount of the Advance
- Name of the Fund loaning the money and the name of the fund receiving the money
- An estimated date of repayment (the intent a cash advance is for repayment in most instances to be repaid in the current year).

The Township currently does approve transfers and advances in the minutes, but are not done by a formal resolution as is required. In order to be in compliance with the provisions of making either transfers or advances, the Board should adopt a formal resolution and have said resolution approved in the minutes. Further guidance can be obtained by reviewing the Ohio Township Handbook located on the Auditor of State webpage under Publications.

Official's Response:

We will implement this procedure in the future.

**BRIMFIELD TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-001	ORC 5705.41 Expenditures exceed Appropriations	No	Partially Corrected, Reported as Finding 2011-02
2008-002	UAN Chart of Accounts not used Properly	No	Partially Corrected Reported as Finding 2011-06
2008-003	Not Reconciling Monthly	No	Not Corrected, Reported as Finding 2011-05
2008-004	Inter Fund Advances	No	Not Corrected, Reported as Finding 2011-07
2009-001	UAN Chart of Accounts not used Properly	No	Not Corrected, Reported as Finding 2011-06
2009-002	Appropriations exceed estimated resources available	YES	Fully Corrected
2009-003	Inter Fund Advances	No	Not Corrected, Reported as Finding 2011-07



Dave Yost • 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
MAY 9, 2013**