



Dave Yost • Auditor of State



**BROWN TOWNSHIP  
PAULDING COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Brown Township  
Paulding County  
200 South First Street  
Oakwood, Ohio 45873-8605

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Brown Township, Paulding County, Ohio (the Township) as of and for the years ended December 31, 2014 and 2013.

### ***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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly 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 1B 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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, 2014 and 2013, or changes in financial position thereof for the years 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 Brown Township, Paulding County, Ohio as of December 31, 2014 and 2013, 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(D) permit, described in Note1B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2015, 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

Columbus, Ohio

September 23, 2015

**BROWN TOWNSHIP  
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$19,259	\$120,781	\$1,805	\$141,845
Charges for Services		7,527		7,527
Licenses, Permits and Fees		10,200		10,200
Gifts and Donations	2,000	10,456		12,456
Intergovernmental	44,953	133,373	201	178,527
Earnings on Investments	100	13		113
Miscellaneous	847	6,200		7,047
<i>Total Cash Receipts</i>	<u>67,159</u>	<u>288,550</u>	<u>2,006</u>	<u>357,715</u>
<b>Cash Disbursements</b>				
Current:				
General Government	41,190		46	41,236
Public Safety		44,262		44,262
Public Works		124,686		124,686
Health	1,125	16,429		17,554
Debt Service:				
Principal Retirement		24,747		24,747
Interest and Fiscal Charges		311		311
<i>Total Cash Disbursements</i>	<u>42,315</u>	<u>210,435</u>	<u>46</u>	<u>252,796</u>
<i>Net Change in Fund Cash Balances</i>	24,844	78,115	1,960	104,919
<i>Fund Cash Balances, January 1</i>	<u>288,247</u>	<u>230,934</u>		<u>519,181</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		309,049	1,960	311,009
Assigned	286,905			286,905
Unassigned	26,186			26,186
<i>Fund Cash Balances, December 31</i>	<u><u>\$313,091</u></u>	<u><u>\$309,049</u></u>	<u><u>\$1,960</u></u>	<u><u>\$624,100</u></u>

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

**BROWN TOWNSHIP  
PAULDING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$15,573	\$108,520		\$124,093
Charges for Services		14,474		14,474
Licenses, Permits and Fees		8,500		8,500
Gifts and Donations	2,000			2,000
Intergovernmental	72,860	116,831	\$39,245	228,936
Earnings on Investments	100	13		113
Miscellaneous		8,217		8,217
<i>Total Cash Receipts</i>	<u>90,533</u>	<u>256,555</u>	<u>39,245</u>	<u>386,333</u>
<b>Cash Disbursements</b>				
Current:				
General Government	42,398			42,398
Public Safety		51,710		51,710
Public Works		187,719		187,719
Health	823	12,983		13,806
Capital Outlay	789	6,765	39,245	46,799
Debt Service:				
Principal Retirement		15,572		15,572
Interest and Fiscal Charges		1,510		1,510
<i>Total Cash Disbursements</i>	<u>44,010</u>	<u>276,259</u>	<u>\$39,245</u>	<u>359,514</u>
<i>Net Change in Fund Cash Balances</i>	46,523	(19,704)		26,819
<i>Fund Cash Balances, January 1</i>	<u>241,724</u>	<u>250,638</u>		<u>492,362</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		230,934		230,934
Assigned	288,247			288,247
<i>Fund Cash Balances, December 31</i>	<u>\$288,247</u>	<u>\$230,934</u>		<u>\$519,181</u>

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



**BROWN TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**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 Brown Township, Paulding 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 and cemetery maintenance. The Township contracts with the Village of Oakwood to provide fire protection and emergency medical services.

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a public entity risk pool. OPRM provides property and casualty coverage for its members. Note 6 to the financial statements provide additional information for this entity.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**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.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are

**BROWN TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

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

**3. Capital Project Funds**

This fund accounts for and reports financial resources that are restricted 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:

Issue II Fund – The Township received a grant from the State of Ohio to resurface Township roads.

Community Development Block Grant Fund (CDBG) – The Township received a grant from the Paulding County Commissioners CDBG Program to resurface Township roads.

Issue II Fund – The Township receives property tax money to pay for constructing, maintaining, and repairing Township road 191.

**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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 2014 and 2013 budgetary activity appears in Note 3.

**F. Fund Balance**

**BROWN TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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.

**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**

**BROWN TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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:

	2014	2013
Demand Deposits	\$624,100	\$519,181

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,747	\$67,159	\$44,412
Special Revenue	249,070	288,550	39,480
Capital Projects		2,006	2,006
Total	\$271,817	\$357,715	\$85,898

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$312,598	\$42,315	\$270,283
Special Revenue	478,399	210,435	267,964
Capital Projects		46	(46)
Total	\$790,997	\$252,796	\$538,201

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$23,643	\$90,533	\$66,890
Special Revenue	251,346	256,555	5,209
Capital Projects	42,143	39,245	
Total	\$317,132	\$386,333	\$72,099

**BROWN TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$265,367	\$44,010	\$221,357
Special Revenue	501,984	276,259	225,725
Capital Projects	42,144	39,245	2,899
Total	\$809,495	\$359,514	\$449,981

Contrary to Ohio law, expenditures exceeded appropriations in the Capital Projects fund in 2014. In addition, contrary to Ohio law, the appropriations in the system for the Capital Projects Fund differed from the legally adopted appropriations in 2014.

**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.

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

**5. 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 this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, 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, 2014.

**6. Risk Management**

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the

**BROWN TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014.

	<b>2013</b>	<b>2014</b>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



# 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

Brown Township  
Paulding County  
200 South First Street  
Oakwood, Ohio 45873-8605

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 Brown Township, Paulding County, Ohio (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2015 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-001 through 2014-003 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-003 and 2014-004.

***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 "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 23, 2015



**BROWN TOWNSHIP  
PAULDING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

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

**FINDING NUMBER 2014-001**

**Material Weakness**

**Monitoring of Financial Statements**

Accurate financial reporting is the responsibility of the Fiscal Officer and Trustees and is essential to ensure the information provided to the readers of the financial statements is fairly stated. In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The Fiscal Officer is responsible for the majority of the functions related to the accounting records. Without proper separation of duties, there is a possibility errors or fraud could occur and not be detected in a timely period.

The Township lacked a policy regarding financial review which contributed to material posting discrepancies such as the following, occurring without detection:

- In 2014 and 2013, unassigned fund balance was overstated and assigned fund balance was understated in the General Fund by \$ \$286,905 and \$288,247, respectfully.
- The cemetery bequest donation of \$10,456 was included in the cemetery fund, when it should have been posted to a separate special revenue fund as specified by the donor's will.

The accompanying financial statements and accounting records have been adjusted to correct these and four other errors.

We recommend that the Fiscal Officer post all transactions in accordance with the guidance established by the Uniform Accounting Network manual and GASB 54. Furthermore, the Trustees should adopt policies and procedures including a final review of the financial statements by the Fiscal Officer and Trustees to help ensure that errors and omissions are detected and corrected.

**FINDING NUMBER 2014-002**

**Material Weakness**

**Budgeted Receipts Posted**

The Fiscal Officer did not always post budgeted receipts as listed on the Certificate of Estimated Resources. Failure to post correct budget amounts could inhibit the Township's ability to monitor revenue activity. We noted a difference in the 2014 Capital Projects Fund between amounts per the certificate of estimated resources amount of \$0 and the posted amount of \$1,000, resulting in a variance of \$1,000.

This error was not identified and corrected prior to the audit due to deficiencies in the Township's financial statement monitoring. As a result, the Township's notes to the financial statements did not correctly reflect the amount on the certificate of estimated resources. The accompanying notes to the financial statements have been adjusted to correct this error.

The Township should develop policies and implement procedures to assure that all budgeted receipts posted agree to the certificate of estimated resources.

#### **FINDING NUMBER 2014-003**

##### **Noncompliance Citation and Material Weakness**

**Ohio Rev. Code § 5705.40** provides that appropriations measures may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. The Trustees did not legally adopt appropriations in the Tax Increment Financing, Capital Project Fund, during 2014, but the amount posted by the Fiscal Officer was \$50.

This error was not identified and corrected prior to the audit due to deficiencies in the Township's financial statement monitoring. As a result, the Township's notes to the financial statements did not correctly reflect the amount on the certificate of estimated resources. The accompanying notes to the financial statements have been adjusted to correct this error.

We recommend that the Fiscal Officer only post appropriation measures that have been formally adopted by the Trustees in minute records.

#### **FINDING NUMBER 2014-004**

##### **Noncompliance Citation**

**Ohio Rev. Code § 5705.41 (B)**, prohibits a subdivision from making an expenditure unless it has been properly appropriated. The Capital Projects Fund had expenditures of \$46 which exceeded appropriations by the same amount indicated at December 31, 2014.

This error was not identified and corrected prior to the audit due to deficiencies in the Township's financial statement monitoring. Allowing expenditures to exceed appropriations could result in deficit spending. The Township should regularly monitor budgets to help ensure there are sufficient appropriations to fund anticipated expenditures.

##### **Officials' Response:**

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



# Dave Yost • Auditor of State

**BROWN TOWNSHIP**

**PAULDING 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  
OCTOBER 8, 2015**