



Dave Yost • Auditor of State



**BROOKFIELD TOWNSHIP  
NOBLE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Brookfield Township  
Noble County  
11544 Cordell Cove Lane  
Cumberland, Ohio 43732

To the Board of Trustees:

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

We have audited the accompanying financial statements and related notes of Brookfield Township, Noble 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 § 117.38 and Ohio Administrative Code § 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 Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), 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 § 117.38 and Ohio Administrative Code § 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 Brookfield Township, Noble 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 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

November 12, 2015

**BROOKFIELD TOWNSHIP  
NOBLE 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<br>Revenue | Permanent      | Totals<br>(Memorandum<br>Only) |
|--|-----------------|--------------------|----------------|--------------------------------|
| <b>Cash Receipts</b>                                 |                 |                    |                |                                |
| Property and Other Local Taxes                       | \$22,968        | \$364              | \$0            | \$23,332                       |
| Intergovernmental                                    | 10,921          | 94,430             | 0              | 105,351                        |
| Earnings on Investments                              | 15              | 109                | 3              | 127                            |
| Miscellaneous  | 462             | 0                  | 0              | 462                            |
| <i>Total Cash Receipts</i>                           | <u>34,366</u>   | <u>94,903</u>      | <u>3</u>       | <u>129,272</u>                 |
| <b>Cash Disbursements</b>                            |                 |                    |                |                                |
| Current:   |                 |                    |                |                                |
| General Government                                   | 13,980          | 2,948              | 0              | 16,928                         |
| Public Safety  | 1,100           | 0                  | 0              | 1,100                          |
| Public Works   | 0               | 119,506            | 0              | 119,506                        |
| Capital Outlay                                       | 0               | 206                | 0              | 206                            |
| <i>Total Cash Disbursements</i>                      | <u>15,080</u>   | <u>122,660</u>     | <u>0</u>       | <u>137,740</u>                 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>19,286</u>   | <u>(27,757)</u>    | <u>3</u>       | <u>(8,468)</u>                 |
| <i>Fund Cash Balances, January 1</i>                 | <u>9,900</u>    | <u>236,683</u>     | <u>6,648</u>   | <u>253,231</u>                 |
| <b>Fund Cash Balances, December 31</b>               |                 |                    |                |                                |
| Nonspendable   | 0               | 0                  | 6,651          | 6,651                          |
| Restricted   | 0               | 205,046            | 0              | 205,046                        |
| Committed  | 0               | 3,880              | 0              | 3,880                          |
| Assigned   | 26,200          | 0                  | 0              | 26,200                         |
| Unassigned (Deficit)                                 | 2,986           | 0                  | 0              | 2,986                          |
| <i>Fund Cash Balances, December 31</i>               | <u>\$29,186</u> | <u>\$208,926</u>   | <u>\$6,651</u> | <u>\$244,763</u>               |

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

**BROOKFIELD TOWNSHIP  
NOBLE 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<br>Revenue      | Permanent             | Totals<br>(Memorandum<br>Only) |
|--|-----------------------|-------------------------|-----------------------|--------------------------------|
| <b>Cash Receipts</b>                                 |                       |                         |                       |                                |
| Property and Other Local Taxes                       | \$19,643              | \$322                   | \$0                   | \$19,965                       |
| Intergovernmental                                    | 7,968                 | 93,993                  | 0                     | 101,961                        |
| Earnings on Investments                              | 10                    | 119                     | 4                     | 133                            |
| Miscellaneous  | 50                    | 0                       | 0                     | 50                             |
| <i>Total Cash Receipts</i>                           | <u>27,671</u>         | <u>94,434</u>           | <u>4</u>              | <u>122,109</u>                 |
| <b>Cash Disbursements</b>                            |                       |                         |                       |                                |
| Current:   |                       |                         |                       |                                |
| General Government                                   | 26,874                | 0                       | 0                     | 26,874                         |
| Public Safety  | 1,100                 | 0                       | 0                     | 1,100                          |
| Public Works   | 0                     | 106,503                 | 0                     | 106,503                        |
| <i>Total Cash Disbursements</i>                      | <u>27,974</u>         | <u>106,503</u>          | <u>0</u>              | <u>134,477</u>                 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(303)</u>          | <u>(12,069)</u>         | <u>4</u>              | <u>(12,368)</u>                |
| <i>Fund Cash Balances, January 1</i>                 | <u>10,203</u>         | <u>248,752</u>          | <u>6,644</u>          | <u>265,599</u>                 |
| <b>Fund Cash Balances, December 31</b>               |                       |                         |                       |                                |
| Nonspendable   | 0                     | 0                       | 6,648                 | 6,648                          |
| Restricted   | 0                     | 232,077                 | 0                     | 232,077                        |
| Committed  | 0                     | 4,606                   | 0                     | 4,606                          |
| Assigned   | 9,900                 | 0                       | 0                     | 9,900                          |
| <i>Fund Cash Balances, December 31</i>               | <u><u>\$9,900</u></u> | <u><u>\$236,683</u></u> | <u><u>\$6,648</u></u> | <u><u>\$253,231</u></u>        |

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



**BROOKFIELD TOWNSHIP  
NOBLE 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 Brookfield Township, Noble County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with the Belle Valley Volunteer Fire Company to provide fire protection services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provides 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 § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

**C. Deposits**

The Township had interest-bearing checking and savings accounts.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash that is 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 restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

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

**BROOKFIELD TOWNSHIP  
NOBLE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Permanent Funds**

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting Township's programs (for the benefit of the Township or its citizenry). The Township had the following significant Permanent Funds:

Renrock Cemetery/Milton Dye Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

Dye Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

Renrock Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

Brookfield Baptist Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

Green Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

**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. 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 also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

**BROOKFIELD TOWNSHIP  
NOBLE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**F. Fund Balance**

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.

**BROOKFIELD TOWNSHIP  
NOBLE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**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                        | \$238,112 | \$246,583 |
| Other time deposits (savings accounts) | 6,651     | 6,648     |
| Total deposits                         | \$244,763 | \$253,231 |

**Deposits:** Deposits are insured by the Federal Deposit 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<br>Receipts | Actual<br>Receipts | Variance |
|-----------------|----------------------|--------------------|----------|
| General         | \$27,110             | \$34,366           | \$7,256  |
| Special Revenue | 93,370               | 94,903             | 1,533    |
| Permanent       | 0                    | 3                  | 3        |
| Total           | \$120,480            | \$129,272          | \$8,792  |

**2014 Budgeted vs. Actual Budgetary Basis Expenditures**

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
|-----------------|----------------------------|---------------------------|-----------|
| General         | \$37,370                   | \$15,080                  | \$22,290  |
| Special Revenue | 327,551                    | 122,660                   | 204,891   |
| Permanent       | 0                          | 0                         | 0         |
| Total           | \$364,921                  | \$137,740                 | \$227,181 |

**2013 Budgeted vs. Actual Receipts**

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
|-----------------|----------------------|--------------------|----------|
| General         | \$24,952             | \$27,671           | \$2,719  |
| Special Revenue | 93,170               | 94,434             | 1,264    |
| Permanent       | 0                    | 4                  | 4        |
| Total           | \$118,122            | \$122,109          | \$3,987  |

**BROOKFIELD TOWNSHIP  
NOBLE COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

| 2013 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$34,620                   | \$27,974                  | \$6,646   |
| Special Revenue                                       | 340,853                    | 106,503                   | 234,350   |
| Permanent   | 0                          | 0                         | 0         |
| Total   | \$375,473                  | \$134,477                 | \$240,996 |

**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 and officials 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 includes 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 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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**BROOKFIELD TOWNSHIP  
NOBLE COUNTY**

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

**6. RISK MANAGEMENT (Continued)**

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 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.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014 (the latest information available):

|              | <u>2013</u>  | <u>2014</u>  |
|--------------|--------------|--------------|
| Assets       | \$34,954,286 | \$35,970,263 |
| Liabilities  | 8,486,363    | 8,912,432    |
| Net Position | \$26,467,923 | \$27,057,831 |

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$1,000.

Based on discussions with OTARMA, the expected rates OTARMA charges 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.

| <u>Contributions to OTARMA</u> |             |
|--------------------------------|-------------|
| <u>2013</u>                    | <u>2014</u> |
| \$2,430                        | \$2,435     |

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution.

**BROOKFIELD TOWNSHIP  
NOBLE COUNTY**

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

**6. RISK MANAGEMENT (Continued)**

Withdrawing members have no other future 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 the withdrawal.

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# 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

Brookfield Township  
Noble County  
11544 Cordell Cove Lane  
Cumberland, Ohio 43732

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 Brookfield Township, Noble 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 November 12, 2015 wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 and 2014-002 described in the accompanying Schedule of Findings to be material weaknesses.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

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However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2014-001.

***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

November 12, 2015

**BROOKFIELD TOWNSHIP  
NOBLE COUNTY**

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

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2014-001**

**Noncompliance/Material Weakness**

Ohio Admin. Code § 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Ohio Admin. Code Section 117-2-03.

During 2013, the Fiscal Officer posted this transaction incorrectly as follows:

- Homestead and rollback in the amount of \$1,627 was posted to taxes instead of intergovernmental.

During 2014, the Fiscal Officer posted certain transactions incorrectly as follows:

- Homestead and rollback in the amount of \$1,620 was posted to taxes instead of intergovernmental;
- Bureau of Workers Compensation refunds in the amount of \$462 were posted to intergovernmental instead of miscellaneous revenue; and
- Fire contract in the amount of \$1,100 was posted to General Government instead of Public Safety.

These reclassification errors were due to a lack of management oversight. These aforementioned transactions have been reclassified by management on the financial statements.

During 2013, the Fiscal Officer posted certain transactions incorrectly as follows:

- Bureau of Workers Compensation refunds in the amount of \$634 were posted to intergovernmental instead of miscellaneous revenue;
- Permissive motor vehicle license monies in the amount of \$314 were posted to taxes instead of intergovernmental; and
- Payments for water and electric utilities were paid from the Motor Vehicle License Tax Fund and Gasoline Tax Fund, instead of a portion of the utilities being paid from the General Fund for administration.

During 2014, the Fiscal Officer posted certain transactions incorrectly as follows:

- Permissive motor vehicle license monies in the amount of \$333 were posted to taxes instead of intergovernmental;
- Local government distribution in the amount of \$390 was posted to taxes instead of intergovernmental;
- Property tax replacement monies in the amount of \$95 was posted to taxes instead of intergovernmental; and
- Payments for water and electric utilities were paid from the Motor Vehicle License Tax Fund and Gasoline Tax Fund, instead of a portion of the utilities being paid from the General Fund for administration.

These reclassification errors were due to a lack of management oversight. Due to not being significant to the financial statements, these reclassifications have not been made to the financial statements.

**BROOKFIELD TOWNSHIP  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
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**FINDING NUMBER 2014-001 (Continued)**

**Noncompliance/Material Weakness – Ohio Admin. Code § 117-2-02(A) (Continued)**

The Fiscal Officer should refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts and expenditures.

**FINDING NUMBER 2014-002**

**Material Weakness**

Auditor of State Bulletin 2011-004 mandated Governmental Accounting Standard Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for financial statements for periods beginning after June 15, 2010. This bulletin required entities to formally adopt a fund balance policy.

The Township improperly reported the Road and Bridge Fund's cash fund balance as restricted instead of reporting the cash fund balance as committed during 2014 and 2013. We also found the Township improperly reported appropriations in excess of estimated receipts in the General Fund as unassigned instead of reporting the excess as assigned during 2014 and 2013. The General Fund and Special Revenue Fund type cash fund balances have been reclassified on the 2014 and 2013 financial statements. Also, the Board of Trustees did not have an established fund balance policy for the Township.

The Board of Trustees should establish a fund balance policy. We further recommend the Township review AOS Bulletin 2011-004 for proper reporting of cash fund balances.

**Officials' Response:** Management declined to respond to the aforementioned findings.



# Dave Yost • Auditor of State

**BROOKFIELD TOWNSHIP**

**NOBLE COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 17, 2015**