



OHIO AUDITOR OF STATE
KEITH FABER



**BROWNHELM TOWNSHIP
LORAIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis – December 31, 2019.....	3
Statement of Activities – Cash Basis – For the Year Ended December 31, 2019	4
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds – December 31, 2019.....	5
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis Governmental Funds – For the Year Ended December 31, 2019	6
Statement of Receipts, Disbursements and Changes In Fund Balances – Budget and Actual – Budget Basis – For the Year Ended December 31, 2019	
General Fund	7
Gasoline Tax Fund.....	8
Road and Bridge Fund.....	9
Fire and EMS Levy Fund	10
Notes to the Basic Financial Statements – For the Year Ended December 31, 2019	11
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis – December 31, 2018.....	27
Statement of Activities – Cash Basis – For the Year Ended December 31, 2018	28
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds – December 31, 2018.....	29

**BROWNHELM TOWNSHIP
LORAIN COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis Governmental Funds – For the Year Ended December 31, 2018	30
Statement of Receipts, Disbursements and Changes In Fund Balances Budget and Actual – Budget Basis – For the Year Ended December 31, 2018	
General Fund	31
Gasoline Tax Fund.....	32
Road and Bridge Fund	33
Fire and EMS Levy Fund	34
Notes to the Basic Financial Statements – For the Year Ended December 31, 2018	35
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	51

OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Brownhelm Township
Lorain County
1940 North Ridge Road
Vermillion, Ohio 44089

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brownhelm Township, Lorain County, Ohio, (the Township), as of and for the year ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 Board'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 Board's internal control. Accordingly, we express no such 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 opinions.

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Brownhelm Township, Lorain County, Ohio, as of December 31, 2019 and 2018, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Fire and EMS Levy Fund thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash-basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2021, 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.



Keith Faber
Auditor of State
Columbus, Ohio

August 31, 2021

Brownhelm Township
Lorain County, Ohio
Statement of Net Position - Cash Basis
December 31, 2019

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$698,399
<i>Total Assets</i>	\$698,399
 Net Position	
Restricted for:	
Capital Projects	\$41,719
Other Purposes	441,000
Unrestricted	215,680
<i>Total Net Position</i>	\$698,399

See accompanying notes to the basic financial statements

Brownhelm Township
Lorain County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2019

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
General Government	\$175,017	\$13,884		(\$161,133)
Public Safety	83,491			(83,491)
Public Works	227,954		\$116,824	(111,130)
Health	15,004	11,099		(3,905)
Conservation-Recreation	4,305			(4,305)
Other	1,652	57		(1,595)
Capital Outlay	174,513			(174,513)
Debt Service:				
Principal Retirement	46,168			(46,168)
Other Resources				0
Interest and Fiscal Charges	637			(637)
Total Primary Government	\$728,741	\$25,040	\$116,824	(586,877)
General Receipts:				
				454,577
Property Taxes Levied				83,675
Other Taxes				71,272
Grants and Entitlements not Restricted to Specific Programs				93,479
Other Debt Proceeds				3,302
Earnings on Investments				144
Miscellaneous				144
				706,449
				<i>Change in Net Position</i> 119,572
				<i>Net Position Beginning of Year</i> 578,827
				<i>Net Position End of Year</i> \$698,399

See accompanying notes to the basic financial statements

Brownhelm Township
Lorain County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2019

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire and EMS Levy</u>	<u>Ohio Public Works Commission</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$215,680	\$74,790	\$147,654	\$180,584		\$79,691	\$698,399
<i>Total Assets</i>	<u>\$215,680</u>	<u>\$74,790</u>	<u>\$147,654</u>	<u>\$180,584</u>	<u>\$0</u>	<u>\$79,691</u>	<u>\$698,399</u>
Fund Balances							
Restricted		\$74,790	\$147,654	\$180,584		\$79,691	\$482,719
Assigned	\$81,975						81,975
Unassigned (Deficit)	133,705						133,705
<i>Total Fund Balances</i>	<u>\$215,680</u>	<u>\$74,790</u>	<u>\$147,654</u>	<u>\$180,584</u>	<u>\$0</u>	<u>\$79,691</u>	<u>\$698,399</u>

See accompanying notes to the basic financial statements

Brownhelm Township
Lorain County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2019

	General	Gasoline Tax	Road and Bridge	Fire and EMS Levy	Ohio Public Works Commission	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$220,134	\$0	\$120,647	\$111,484	\$0	\$0	\$452,265
Licenses, Permits and Fees	13,940					5,999	19,939
Fines and Forfeitures							0
Intergovernmental	65,362	109,076	18,313	2,312	71,272	7,892	274,227
Special Assessments							0
Earnings on Investments	2,924	318				60	3,302
Miscellaneous	1					5,100	5,101
<i>Total Receipts</i>	<u>302,361</u>	<u>109,394</u>	<u>138,960</u>	<u>113,796</u>	<u>71,272</u>	<u>19,051</u>	<u>754,834</u>
Disbursements							
Current:							
General Government	173,267			1,750			175,017
Public Safety	814			82,677			83,491
Public Works	16,081	97,379	106,482			8,012	227,954
Health	7,639					7,365	15,004
Conservation-Recreation						4,305	4,305
Other	1,652						1,652
Capital Outlay	30,054		5,440		135,597	3,422	174,513
Debt Service:							
Principal Retirement	12,040					34,128	46,168
Interest and Fiscal Charges						637	637
<i>Total Disbursements</i>	<u>241,547</u>	<u>97,379</u>	<u>111,922</u>	<u>84,427</u>	<u>135,597</u>	<u>57,869</u>	<u>728,741</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>60,814</u>	<u>12,015</u>	<u>27,038</u>	<u>29,369</u>	<u>(64,325)</u>	<u>(38,818)</u>	<u>26,093</u>
Other Financing Sources (Uses)							
Other Debt Proceeds	29,154				64,325		93,479
Transfers In						35,000	35,000
Transfers Out	(35,000)						(35,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(5,846)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>64,325</u>	<u>35,000</u>	<u>93,479</u>
<i>Net Change in Fund Balances</i>	54,968	12,015	27,038	29,369	0	(3,818)	119,572
<i>Fund Balances Beginning of Year</i>	<u>160,712</u>	<u>62,775</u>	<u>120,616</u>	<u>151,215</u>	<u>0</u>	<u>83,509</u>	<u>578,827</u>
<i>Fund Balances End of Year</i>	<u>\$215,680</u>	<u>\$74,790</u>	<u>\$147,654</u>	<u>\$180,584</u>	<u>\$0</u>	<u>\$79,691</u>	<u>\$698,399</u>

See accompanying notes to the basic financial statements

Brownhelm Township
Lorain County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$221,001	\$221,001	\$220,134	(\$867)
Licenses, Permits and Fees	7,200	14,300	13,940	(360)
Intergovernmental	59,421	62,102	65,362	3,260
Earnings on Investments	1,600	2,950	2,924	(26)
Miscellaneous			1	1
<i>Total Receipts</i>	289,222	300,353	302,361	2,008
Disbursements				
Current:				
General Government	200,501	200,501	173,266	27,235
Public Safety	900	900	814	86
Public Works	44,260	44,260	22,470	21,790
Health	8,500	8,500	7,639	861
Other	2,700	2,700	1,652	1,048
Capital Outlay	10,000	39,200	30,054	9,146
Debt Service:				
Principal Retirement	12,040	12,040	12,040	0
<i>Total Disbursements</i>	278,901	308,101	247,935	60,166
<i>Excess of Receipts Over (Under) Disbursements</i>	10,321	(7,748)	54,426	62,174
Other Financing Sources (Uses)				
Other Debt Proceeds		29,200	29,154	(46)
Transfers Out	(35,000)	(35,000)	(35,000)	0
<i>Total Other Financing Sources (Uses)</i>	(35,000)	(5,800)	(5,846)	(46)
<i>Net Change in Fund Balance</i>	(24,679)	(13,548)	48,580	62,128
<i>Unencumbered Fund Balance Beginning of Year</i>	157,012	157,012	157,012	0
Prior Year Encumbrances Appropriated	3,700	3,700	3,700	0
<i>Unencumbered Fund Balance End of Year</i>	\$136,033	\$147,164	\$209,292	\$62,128

See accompanying notes to the basic financial statements

**Brownhelm Township
Lorain County, Ohio**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$95,000	\$107,200	\$109,076	\$1,876
Earnings on Investments	200	300	318	18
<i>Total Receipts</i>	<u>95,200</u>	<u>107,500</u>	<u>109,394</u>	<u>1,894</u>
Disbursements				
Current:				
Public Works	110,816	110,816	97,379	13,437
<i>Total Disbursements</i>	<u>110,816</u>	<u>110,816</u>	<u>97,379</u>	<u>13,437</u>
<i>Net Change in Fund Balance</i>	(15,616)	(3,316)	12,015	15,331
<i>Unencumbered Fund Balance Beginning of Year</i>	61,959	61,959	61,959	0
Prior Year Encumbrances Appropriated	816	816	816	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$47,159</u>	<u>\$59,459</u>	<u>\$74,790</u>	<u>\$15,331</u>

See accompanying notes to the basic financial statements

Brownhelm Township
Lorain County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$120,999	\$120,999	\$120,647	(\$352)
Intergovernmental	18,379	17,379	18,313	934
Miscellaneous	500			0
<i>Total Receipts</i>	<u>139,878</u>	<u>138,378</u>	<u>138,960</u>	<u>582</u>
Disbursements				
Current:				
Public Works	159,328	162,328	131,116	31,212
Capital Outlay	13,178	10,178	5,440	4,738
<i>Total Disbursements</i>	<u>172,506</u>	<u>172,506</u>	<u>136,556</u>	<u>35,950</u>
<i>Net Change in Fund Balance</i>	(32,628)	(34,128)	2,404	36,532
<i>Unencumbered Fund Balance Beginning of Year</i>	97,983	97,983	97,983	0
Prior Year Encumbrances Appropriated	<u>22,633</u>	<u>22,633</u>	<u>22,633</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$87,988</u>	<u>\$86,488</u>	<u>\$123,020</u>	<u>\$36,532</u>

See accompanying notes to the basic financial statements

Brownhelm Township
Lorain County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire and EMS Levy Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$108,865	\$108,865	\$111,484	\$2,619
Intergovernmental	3,305	3,305	2,312	(993)
<i>Total Receipts</i>	<u>112,170</u>	<u>112,170</u>	<u>113,796</u>	<u>1,626</u>
Disbursements				
Current:				
General Government	4,555	4,555	1,750	2,805
Public Safety	83,444	83,444	82,677	767
<i>Total Disbursements</i>	<u>87,999</u>	<u>87,999</u>	<u>84,427</u>	<u>3,572</u>
<i>Net Change in Fund Balance</i>	24,171	24,171	29,369	5,198
<i>Unencumbered Fund Balance Beginning of Year</i>	151,215	151,215	151,215	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$175,386</u></u>	<u><u>\$175,386</u></u>	<u><u>\$180,584</u></u>	<u><u>\$5,198</u></u>

See accompanying notes to the basic financial statements

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

Brownhelm Township, Lorain County, Ohio, (the Township) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and Township parks and cemetery maintenance. The Township contracts with the City of Vermilion, Village of South Amherst, and Florence Township for fire protection. The Township contracts with the City of Vermilion for ambulance protection. Police protection is provided by the Lorain County Sheriff's Department.

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductible. There were no claims in 2019. Note 7 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.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township has no business-type operations.

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net position presents the cash and investment balances, of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are all governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

General The General fund accounts for and reports all financial resources not accounted for and reported in another fund. The General fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Road and Bridge Fund The Road and Bridge fund receives revenues from the Lorain County Property Tax. This fund is used for purposes relating to roads and bridges, including maintenance & repairs to roadways and ditches, snowplowing/salting, maintenance and repairs to road equipment.

Gasoline Tax Fund The Gasoline Tax fund receives revenues from the State Gas Tax. This fund is used for purposes related to roads. The township uses this fund to pay for the salaries of the road laborers and to pay for road repair contracts.

Ohio Public Works Commission (OPWC) Fund The OPWC fund is used to account for State OPWC grant money restricted for road projects.

Fire and EMS Levy Fund The Fire and EMS Levy fund was new in 2015 due to the passage of a 2 mil levy in 2014. A 5 year renewal 2 mil levy was passed May 7, 2019. This fund is for Fire and EMS services and is currently used to pay contracts for these services.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

During 2019, the Township invested in STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Township measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2019 was \$2,924 which includes \$1,904 assigned from other Township funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for the purchase of major equipment, i.e. heavy trucks, pickup trucks, backhoes, graders, etc. Currently, there is \$41,719 available in the equipment reserve fund.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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. State Statute authorizes the Township Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

Brownhelm Township
 Lorain County
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

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.

Internal Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis).
3. Unreported interest is reported on the statement of *modified* receipts, disbursements, and changes in fund balances (cash basis), but not on the budgetary basis.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Road and Bridge Fund
Cash Basis	\$54,968	\$27,038
Encumbrances	(6,388)	(24,634)
Budget Basis	\$48,580	\$2,404

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 4 - Deposits and Investments (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township had \$0 in undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$250,000 of the Township's bank balance of \$554,230 was covered by the Federal Deposit Insurance Corporation, \$152,115 was covered by the Ohio Pooled Collateral System and \$152,115 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Township and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The Township's financial institution was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System resulting in the uninsured and uncollateralized balance.

Investments

As of December 31, 2019, the Township had \$144,168 invested with Star Ohio.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Note 5 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

Brownhelm Township
 Lorain County
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2019

Note 5 – Property Taxes (continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2019, was \$5.43 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

Real Property	\$56,933,070
Public Utility Personal Property	<u>3,320,740</u>
Total	<u><u>\$60,253,810</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – Transfers

During 2019 the following transfers were made:

	<u>Transfer from</u> <u>Major Funds</u>
<u>Transfer to</u>	<u>General</u>
Other Nonmajor Governmental Funds	\$35,000

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 7 – Risk Management (continued)

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

The Brownhelm Township Trustees entered into a 99 year lease with the Brownhelm Historical Association (BHA) for the BHA to lease the Brownhelm Community Center (Brownhelm School). The annual lease payment is \$1.00. The lease payment for September 14, 2018 through September 14, 2019 was invoiced along with their property premium in January 2019. The lease term is September 15, 2008 through September 14, 2107. The Trustees have agreed to carry the property coverage on the building through OTARMA, with the BHA reimbursing the township for this charge.

Note 8 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Township employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Brownhelm Township
 Lorain County
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2019

Note 8 – Defined Benefit Pension Plan (continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Brownhelm Township
 Lorain County
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2019

Note 8 – Defined Benefit Pension Plan (continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee ***	10.0 %
 2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits ****	0.0
Total Employer	14.0 %
Employee	10.0 %

*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$17,986 for the year 2019.

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS annual report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2019, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Brownhelm Township
 Lorain County
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2019

Note 10 – Debt

Long-Term Obligations

The Township’s long-term debt activity for the year ended December 31, 2019, was as follows:

	Outstanding 12/31/18	Additions	Deletions	Outstanding 12/31/19	Due in One Year
Long Term Debt Activity					
OPWC Loan - CI10S	\$37,485		(\$4,165)	\$33,320	\$4,165
OPWC Loan - CI22T	73,650		(2,630)	\$71,020	2,630
OPWC Loan - CI19U	37,717		(1,301)	\$36,416	1,301
OPWC Loan - CI03V	47,324		(3,944)	\$43,380	3,944
OPWC Loan - CI12W		64,325		\$64,325	2,573
Total Long Term Debt Activity	<u>\$196,176</u>	<u>\$64,325</u>	<u>(\$12,040)</u>	<u>\$248,461</u>	<u>\$14,613</u>

The Township issued an Ohio Public Works Commission loan in 2015 for \$49,980. The loan was issued for West River Road resurfacing. The loan is a 12 year loan with zero percent interest.

The Township issued an Ohio Public Works Commission loan in 2016 for \$78,910. The loan was issued for Candy Lane reconstruction. The loan is a 30 year loan with zero percent interest.

The Township issued an Ohio Public Works Commission loan in 2017 for \$39,018. The loan was issued for Mapleview Drive reconstruction. The loan is a 30 year loan with zero percent interest.

The Township issued an Ohio Public Works Commission loan in 2018 for \$47,324. The loan was issued for Jerusalem Road reconstruction. The loan is a 12 year loan with zero percent interest.

The Township issued an Ohio Public Works Commission loan in 2019 for \$64,325. The loan was issued for Linda Drive reconstruction. The loan is a 25 year loan with zero percent interest.

The following is a summary of the Township’s future annual debt service requirements at year end:

Year	OPWC Loans Principal
2020	\$14,613
2021	14,613
2022	14,613
2023	14,613
2024	14,613
2025-2029	64,735
2030-2034	36,464
2035-2039	32,520
2040-2044	32,520
2045-2049	9,157
Total	<u>\$248,461</u>

Brownhelm Township
 Lorain County
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2019

Leases

The Township leases a truck and an excavator under noncancelable leases. The Township disbursed \$34,765 to pay lease costs for the year ended December 31, 2019. Future lease payments are as follows:

Year	Amount
2020	\$23,512
2021	10,781
2022	10,782
Total	\$45,075

Note 11 – Construction and Contractual Commitments

Road construction contracts completed in 2019 were \$153,137 for the reconstruction of Linda Drive Phase I Project and \$21,937 for Tar & Chip Down through the Lorain County Engineer's office.

Note 12 – Funds Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Gasoline Tax	Road and Bridge	Fire and EMS	Ohio Public Works Commission	Other Governmental Funds	Total
Restricted for							
Cemetery						\$16,006	\$16,006
Fire Operations				\$180,584			180,584
Recreation Programs						10,538	10,538
Road and Bridge		\$74,790	\$147,654			53,147	275,591
<i>Total Restricted</i>	\$0	74,790	147,654	180,584	0	79,691	482,719
Assigned to							
Appropriation	81,975						81,975
<i>Total Assigned</i>	81,975	0	0	0	0	0	81,975
Unassigned	133,705						133,705
<i>Total Fund Balances</i>	\$215,680	\$74,790	\$147,654	\$180,584	\$0	\$79,691	\$698,399

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 13 – Change in Basis of Accounting

For 2019, the Township implemented GASB Statement No. 84, *Fiduciary Activities*. GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities. The effect of the implementation had no effect on the financial statements.

Note 14 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Brownhelm Township
Lorain County, Ohio
Statement of Net Position - Cash Basis
December 31, 2018

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$578,827</u>
<i>Total Assets</i>	<u><u>\$578,827</u></u>
Net Position	
Restricted for:	
Capital Projects	\$51,484
Other Purposes	366,631
Unrestricted	<u>160,712</u>
<i>Total Net Position</i>	<u><u>\$578,827</u></u>

See accompanying notes to the basic financial statements

Brownhelm Township
Lorain County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2018

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
General Government	\$172,688	\$11,141		(\$161,547)
Public Safety	67,459			(67,459)
Public Works	237,090		\$102,431	(134,659)
Health	15,201	11,950		(3,251)
Conservation-Recreation	6,597			(6,597)
Other	425	1		(424)
Capital Outlay	165,754			(165,754)
Debt Service:				
Principal Retirement	19,884			(19,884)
Interest and Fiscal Charges	943			(943)
Total Primary Government	\$686,041	\$23,092	\$102,431	(560,518)
General Receipts:				
				431,600
				79,983
				47,324
				47,324
				3,500
				2,719
				12,275
				624,725
				64,207
				514,620
				\$578,827

See accompanying notes to the basic financial statements

Brownhelm Township
Lorain County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2018

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire and EMS Levy</u>	<u>Ohio Public Works Commission</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$160,712	\$62,775	\$120,616	\$151,215		\$83,509	\$578,827
<i>Total Assets</i>	<u>\$160,712</u>	<u>\$62,775</u>	<u>\$120,616</u>	<u>\$151,215</u>	<u>\$0</u>	<u>\$83,509</u>	<u>\$578,827</u>
Fund Balances							
Restricted		\$62,775	\$120,616	\$151,215		\$83,509	418,115
Unassigned (Deficit)	160,712						160,712
<i>Total Fund Balances</i>	<u>\$160,712</u>	<u>\$62,775</u>	<u>\$120,616</u>	<u>\$151,215</u>	<u>\$0</u>	<u>\$83,509</u>	<u>\$578,827</u>

See accompanying notes to the basic financial statements

Brownhelm Township
Lorain County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2018

	General	Gasoline Tax	Road and Bridge	Fire and EMS Levy	Ohio Public Works Commission	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$202,784	\$0	\$114,745	\$111,698	\$0	\$0	\$429,227
Licenses, Permits and Fees	11,141					6,500	17,641
Intergovernmental	62,450	94,742	17,533	2,373	47,324	7,825	232,247
Earnings on Investments	2,381	283				55	2,719
Miscellaneous	35		12,105			5,450	17,590
<i>Total Receipts</i>	<u>278,791</u>	<u>95,025</u>	<u>144,383</u>	<u>114,071</u>	<u>47,324</u>	<u>19,830</u>	<u>699,424</u>
Disbursements							
Current:							
General Government	170,655			2,033			172,688
Public Safety	565			66,894			67,459
Public Works	29,295	88,697	113,244			5,854	237,090
Health	7,742					7,459	15,201
Conservation-Recreation						6,597	6,597
Other	425						425
Capital Outlay	39,706		29,965		94,648	1,435	165,754
Debt Service:							
Principal Retirement	8,096					11,788	19,884
Interest and Fiscal Charges						943	943
<i>Total Disbursements</i>	<u>256,484</u>	<u>88,697</u>	<u>143,209</u>	<u>68,927</u>	<u>94,648</u>	<u>34,076</u>	<u>686,041</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>22,307</u>	<u>6,328</u>	<u>1,174</u>	<u>45,144</u>	<u>(47,324)</u>	<u>(14,246)</u>	<u>13,383</u>
Other Financing Sources (Uses)							
Other Debt Proceeds					47,324		47,324
Sale of Capital Assets			3,500				3,500
Transfers In						25,000	25,000
Transfers Out	(25,000)						(25,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(25,000)</u>	<u>0</u>	<u>3,500</u>	<u>0</u>	<u>47,324</u>	<u>25,000</u>	<u>50,824</u>
<i>Net Change in Fund Balances</i>	<u>(2,693)</u>	<u>6,328</u>	<u>4,674</u>	<u>45,144</u>	<u>0</u>	<u>10,754</u>	<u>64,207</u>
<i>Fund Balances Beginning of Year</i>	<u>163,405</u>	<u>56,447</u>	<u>115,942</u>	<u>106,071</u>	<u>0</u>	<u>72,755</u>	<u>514,620</u>
<i>Fund Balances End of Year</i>	<u>\$160,712</u>	<u>\$62,775</u>	<u>\$120,616</u>	<u>\$151,215</u>	<u>\$0</u>	<u>\$83,509</u>	<u>\$578,827</u>

See accompanying notes to the basic financial statements

Brownhelm Township
Lorain County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$196,000	\$200,001	\$202,784	\$2,783
Licenses, Permits and Fees	7,000	7,000	11,141	4,141
Intergovernmental	58,637	59,976	62,450	2,474
Earnings on Investments	450	450	2,381	1,931
Miscellaneous			35	35
<i>Total Receipts</i>	<u>262,087</u>	<u>267,427</u>	<u>278,791</u>	<u>11,364</u>
Disbursements				
Current:				
General Government	185,447	192,088	174,355	17,733
Public Safety	600	600	565	35
Public Works	61,633	54,751	29,295	25,456
Health	7,500	7,742	7,742	0
Other	2,500	2,500	425	2,075
Capital Outlay	41,290	41,290	39,706	1,584
Debt Service:				
Principal Retirement	8,096	8,096	8,096	0
<i>Total Disbursements</i>	<u>307,066</u>	<u>307,067</u>	<u>260,184</u>	<u>46,883</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(44,979)</u>	<u>(39,640)</u>	<u>18,607</u>	<u>58,247</u>
Other Financing Uses				
Transfers Out	(25,000)	(25,000)	(25,000)	0
<i>Total Other Financing Uses</i>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(69,979)	(64,640)	(6,393)	58,247
<i>Unencumbered Fund Balance Beginning of Year</i>	131,339	131,339	131,339	0
Prior Year Encumbrances Appropriated	32,066	32,066	32,066	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$93,426</u>	<u>\$98,765</u>	<u>\$157,012</u>	<u>\$58,247</u>

See accompanying notes to the basic financial statements

Brownhelm Township
Lorain County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$85,001	\$85,001	\$94,742	\$9,741
Earnings on Investments	40	40	283	243
<i>Total Receipts</i>	<u>85,041</u>	<u>85,041</u>	<u>95,025</u>	<u>9,984</u>
Disbursements				
Current:				
Public Works	<u>100,001</u>	<u>100,001</u>	<u>89,513</u>	<u>10,488</u>
<i>Total Disbursements</i>	<u>100,001</u>	<u>100,001</u>	<u>89,513</u>	<u>10,488</u>
<i>Net Change in Fund Balance</i>	(14,960)	(14,960)	5,512	20,472
<i>Unencumbered Fund Balance Beginning of Year</i>	56,447	56,447	56,447	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$41,487</u>	<u>\$41,487</u>	<u>\$61,959</u>	<u>\$20,472</u>

See accompanying notes to the basic financial statements

Brownhelm Township
Lorain County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$108,001	\$111,846	\$114,745	\$2,899
Intergovernmental	17,928	18,600	17,533	(1,067)
Miscellaneous	500	12,000	12,105	105
<i>Total Receipts</i>	<u>126,429</u>	<u>142,446</u>	<u>144,383</u>	<u>1,937</u>
Disbursements				
Current:				
Public Works	141,172	146,206	135,877	10,329
Capital Outlay	15,000	29,965	29,965	0
<i>Total Disbursements</i>	<u>156,172</u>	<u>176,171</u>	<u>165,842</u>	<u>10,329</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(29,743)</u>	<u>(33,725)</u>	<u>(21,459)</u>	<u>12,266</u>
Other Financing Sources				
Sale of Capital Assets		3,500	3,500	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>3,500</u>	<u>3,500</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(29,743)</u>	<u>(30,225)</u>	<u>(17,959)</u>	<u>12,266</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	99,521	99,521	99,521	0
Prior Year Encumbrances Appropriated	16,421	16,421	16,421	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$86,199</u>	<u>\$85,717</u>	<u>\$97,983</u>	<u>\$12,266</u>

See accompanying notes to the basic financial statements

Brownhelm Township
Lorain County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire and EMS Levy Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$103,000	\$107,867	\$111,698	\$3,831
Intergovernmental	3,536	2,400	2,373	(27)
<i>Total Receipts</i>	<u>106,536</u>	<u>110,267</u>	<u>114,071</u>	<u>3,804</u>
Disbursements				
Current:				
General Government	2,500	2,500	2,033	467
Public Safety	77,500	77,500	66,894	10,606
<i>Total Disbursements</i>	<u>80,000</u>	<u>80,000</u>	<u>68,927</u>	<u>11,073</u>
<i>Net Change in Fund Balance</i>	26,536	30,267	45,144	14,877
<i>Unencumbered Fund Balance Beginning of Year</i>	106,071	106,071	106,071	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$132,607</u></u>	<u><u>\$136,338</u></u>	<u><u>\$151,215</u></u>	<u><u>\$14,877</u></u>

See accompanying notes to the basic financial statements

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

Brownhelm Township, Lorain County, Ohio, (the Township) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and Township parks and cemetery maintenance. The Township contracts with the City of Vermilion, Village of South Amherst, and Florence Township for fire protection. The Township contracts with the City of Vermilion for ambulance protection. Police protection is provided by the Lorain County Sheriff's Department.

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductible. The Township had a claim on hail damage to a portion of the Township Garage and payment was made for \$11,368 by OTARMA. Note 7 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.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township has no business-type operations.

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net position presents the cash and investment balances, of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are all governmental funds.

Governmental Funds

Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

General The General fund accounts for and reports all financial resources not accounted for and reported in another fund. The General fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Road and Bridge Fund The Road and Bridge fund receives revenues from the Lorain County Property Tax. This fund is used for purposes relating to roads and bridges, including maintenance & repairs to roadways and ditches, snowplowing/salting, maintenance and repairs to road equipment.

Gasoline Tax Fund The Gasoline Tax fund receives revenues from the State Gas Tax. This fund is used for purposes related to roads. The township uses this fund to pay for the salaries of the road laborers and to pay for road repair contracts.

Ohio Public Works Commission (OPWC) Fund The OPWC fund is used to account for State OPWC grant money restricted for road projects.

Fire and EMS Levy Fund The Fire and EMS Levy fund was new in 2015 due to the passage of a 2 mil levy in 2014. This fund is for Fire and EMS services and is currently used to pay contracts for these services.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

During 2018, the Township invested in STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Township measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$50 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2018 was \$2,381 which includes \$1,626 assigned from other Township funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for the purchase of major equipment, i.e. heavy trucks, pickup trucks, backhoes, graders, etc. Currently, there is \$51,484 available in the equipment reserve fund.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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. State Statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

Brownhelm Township
 Lorain County
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

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.

Internal Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis).
3. Unreported interest is reported on the statement of *modified* receipts, disbursements, and changes in fund balances (cash basis), but not on the budgetary basis.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Gasoline Tax Fund	Road and Bridge Fund
Cash Basis	(\$2,693)	\$6,328	\$4,674
Encumbrances	(3,700)	(816)	(22,633)
Budget Basis	(\$6,393)	\$5,512	(\$17,959)

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 4 - Deposits and Investments (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township had \$0 in undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$250,000 of the Township's bank balance of \$438,883 was covered by the Federal Deposit Insurance Corporation, \$94,442 was covered by the Ohio Pooled Collateral System and \$94,441 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Township and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The Township's financial institution was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System resulting in the uninsured and uncollateralized balance.

Investments

As of December 31, 2018, the Township had \$140,866 invested with Star Ohio.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Note 5 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

Brownhelm Township
 Lorain County
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2018

Note 5 – Property Taxes (continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2018, was \$5.43 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$53,144,640
Public Utility Personal Property	<u>3,191,160</u>
 Total	 <u><u>\$56,335,800</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – Transfers

During 2018 the following transfers were made:

	<u>Transfer from</u> <u>Major Funds</u>
<u>Transfer to</u>	<u>General</u>
Other Nonmajor Governmental Funds	\$25,000

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 7 – Risk Management (continued)

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

The Brownhelm Township Trustees entered into a 99 year lease with the Brownhelm Historical Association (BHA) for the BHA to lease the Brownhelm Community Center (Brownhelm School). The annual lease payment is \$1.00. The lease payment for September 14, 2018 through September 14, 2019 was invoiced along with their property premium in January 2019. The lease term is September 15, 2008 through September 14, 2107. The Trustees have agreed to carry the property coverage on the building through OTARMA, with the BHA reimbursing the township for this charge.

Note 8 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Township employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Brownhelm Township
 Lorain County
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2018

Note 8 – Defined Benefit Pension Plan (continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Brownhelm Township
 Lorain County
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2018

Note 8 – Defined Benefit Pension Plan (continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee ***	10.0 %
 2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits ****	0.0
Total Employer	14.0 %
Employee	10.0 %

*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township's contractually required contribution was \$18,012 for the year 2018.

Brownhelm Township
Lorain County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS annual report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Brownhelm Township
 Lorain County
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2018

Note 10 – Debt

Long-Term Obligations

The Township’s long-term debt activity for the year ended December 31, 2018, was as follows:

	Outstanding 12/31/17	Additions	Deletions	Outstanding 12/31/18	Due in One Year
Long Term Debt Activity					
OPWC Loan - CI10S	\$41,650		(\$4,165)	\$37,485	\$4,165
OPWC Loan - CI22T	76,280		(2,630)	\$73,650	2,630
OPWC Loan - CI19U	39,018		(1,301)	\$37,717	1,301
OPWC Loan - CI03V		47,324		\$47,324	3,944
Total Long Term Debt Activity	<u>\$156,948</u>	<u>\$47,324</u>	<u>(\$8,096)</u>	<u>\$196,176</u>	<u>\$12,040</u>

The Township issued an Ohio Public Works Commission loan in 2015 for \$49,980. The loan was issued for West River Road resurfacing. The loan is a 12 year loan with zero percent interest.

The Township issued an Ohio Public Works Commission loan in 2016 for \$78,910. The loan was issued for Candy Lane reconstruction. The loan is a 30 year loan with zero percent interest.

The Township issued an Ohio Public Works Commission loan in 2017 for \$39,018. The loan was issued for Mapleview Drive reconstruction. The loan is a 30 year loan with zero percent interest.

The Township issued an Ohio Public Works Commission loan in 2018 for \$47,324. The loan was issued for Jerusalem Road reconstruction. The loan is a 12 year loan with zero percent interest.

The following is a summary of the Township’s future annual debt service requirements at year end:

Year	OPWC Loans Principal
2019	\$12,040
2020	12,040
2021	12,040
2022	12,040
2023	12,040
2024-2028	56,035
2029-2033	27,543
2034-2038	19,655
2039-2043	19,655
2044-2048	13,088
Total	<u>\$196,176</u>

Brownhelm Township
 Lorain County
 Notes to the Basic Financial Statements
 For the Year Ended December 31, 2018

Leases

The Township leases a truck under a noncancelable lease. The Township disbursed \$12,731 to pay lease costs for the year ended December 31, 2018. Future lease payments are as follows:

Year	Amount
2019	\$12,731
2020	12,731
Total	\$25,462

Note 11 – Construction and Contractual Commitments

Road construction contracts completed in 2018 were \$111,351 for the reconstruction of Jerusalem Road and \$46,583 for Tar & Chip Down through the Lorain County Engineer's office.

Note 12 – Funds Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Gasoline Tax	Road and Bridge	Fire and EMS	Ohio Public Works Commission	Other Governmental Funds	Total
Restricted for							
Cemetery						\$13,942	\$13,942
Fire Operations				\$151,215			151,215
Recreation Programs						6,451	6,451
Road and Bridge		\$62,775	\$120,616			63,116	246,507
<i>Total Restricted</i>	\$0	62,775	120,616	151,215	\$0	83,509	418,115
Unassigned	160,712						160,712
<i>Total Fund Balances</i>	\$160,712	\$62,775	\$120,616	\$151,215	\$0	\$83,509	\$578,827

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

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

Brownhelm Township
Lorain County
1940 North Ridge Road
Vermillion, Ohio 44089

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 cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brownhelm Township, Lorain County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 31, 2021, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.



Keith Faber
Auditor of State
Columbus, Ohio

August 31, 2021

OHIO AUDITOR OF STATE KEITH FABER



BROWNHelm TOWNSHIP

LORAIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/14/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov