



OHIO AUDITOR OF STATE
KEITH FABER



**BROWN TOWNSHIP
PAULDING COUNTY
DECEMBER 31, 2024 AND 2023**

TABLE OF CONTENTS

| <u>TITLE</u> | <u>PAGE</u> |
|--|--------------------|
| Independent Auditor's Report | 1 |
| Prepared by Management: | |
| Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) | |
| All Governmental Fund Types | |
| For the Year Ended December 31, 2024 | 5 |
| Notes to the Financial Statements | |
| For the Year Ended December 31, 2024 | 6 |
| Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) | |
| All Governmental Fund Types | |
| For the Year Ended December 31, 2023 | 12 |
| Notes to the Financial Statements | |
| For the Year Ended December 31, 2023 | 13 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 19 |
| Schedule of Findings | 21 |

This page intentionally left blank.



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Brown Township, Paulding County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2024 and 2023, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2025, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 30, 2025

This page intentionally left blank.

Brown Township
Paulding County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2024

| | General | Special Revenue | Capital Projects | Combined Total |
|---|-------------------------|-------------------------|------------------------|-------------------------|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$26,206 | \$169,887 | \$3,330 | \$199,423 |
| Charges for Services | 20,014 | | | 20,014 |
| Licenses, Permits and Fees | 18,450 | | | 18,450 |
| Intergovernmental | 26,957 | 214,662 | 209 | 241,828 |
| Earnings on Investments | 27,255 | 4,017 | | 31,272 |
| Miscellaneous | <u>14,188</u> | <u>14,965</u> | | <u>29,153</u> |
| <i>Total Cash Receipts</i> | <u>94,606</u> | <u>441,995</u> | <u>3,539</u> | <u>540,140</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| General Government | 53,313 | | 218 | 53,531 |
| Public Safety | | 81,624 | | 81,624 |
| Public Works | 54,144 | 411,944 | | 466,088 |
| Health | 4,715 | 46,243 | | 50,958 |
| Capital Outlay | | <u>25,897</u> | | <u>25,897</u> |
| <i>Total Cash Disbursements</i> | <u>112,172</u> | <u>565,708</u> | <u>218</u> | <u>678,098</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(17,566)</u> | <u>(123,713)</u> | <u>3,321</u> | <u>(137,958)</u> |
| <i>Fund Cash Balances, January 1</i> | <u>332,421</u> | <u>393,351</u> | <u>32,139</u> | <u>757,911</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$314,855</u> | <u>\$269,638</u> | <u>\$35,460</u> | <u>\$619,953</u> |

See accompanying notes to the basic financial statements

Brown Township
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Brown Township, Paulding County, Ohio (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Oakwood to provide fire services and to provide ambulance services.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The Township uses funds 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 presented below:

General Fund 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund This fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

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

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

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

Brown Township
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2024

TIF Fund This fund receives property tax money for capital improvements.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

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

A summary of 2024 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

Accumulated Leave

Township employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Brown Township
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2024 follows:

| Fund Type | 2024 Budgeted vs. Actual Receipts | | |
|------------------|-----------------------------------|-------------------------|-------------------------|
| | Budgeted Receipts | Actual Receipts | Variance |
| General | \$54,250 | \$94,606 | \$40,356 |
| Special Revenue | 382,651 | 441,995 | 59,344 |
| Capital Projects | 3,100 | 3,539 | 439 |
| Total | <u><u>\$440,001</u></u> | <u><u>\$540,140</u></u> | <u><u>\$100,139</u></u> |

Brown Township
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2024

| 2024 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|--------------------|------------------|------------------|
| Fund Type | Appropriation | Budgetary | Variance |
| | Authority | Expenditures | |
| General | \$329,490 | \$112,172 | \$217,318 |
| Special Revenue | 776,001 | 565,708 | 210,293 |
| Capital Projects | 35,239 | 218 | 35,021 |
| Total | \$1,140,730 | \$678,098 | \$462,632 |

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

| | 2024 |
|---------------------------------------|------------------|
| Demand deposits | \$20,573 |
| STAR Ohio | 599,380 |
| Total deposits and investments | \$619,953 |

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2024 the Township is not holding any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through 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 statement.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Property Taxes

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

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

Brown Township
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 6 – 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 cost.

Risk Pool Membership

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

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

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated, and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remained the same through October 31, 2022. Effective November 1, 2022, the property loss corridor was eliminated. OPRM had 847 members as of December 31, 2024.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2024. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2024:

| | 2024 |
|-----------------|---------------------------|
| Assets | \$24,456,615 |
| Liabilities | (\$16,692,162) |
| Members' Equity | <u><u>\$7,764,453</u></u> |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

Brown Township
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2024

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2024.

Social Security

Other Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2024.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Fund Balances

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital project funds are restricted, committed, or assigned.

Note 10 – Miscellaneous Revenue

The Township has miscellaneous revenue in the General fund totaling \$14,188. These revenues consist primarily of refunds from the Bureau of Workers Compensation and donations.

Brown Township
Paulding County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2023

| | General | Special Revenue | Capital Projects | Combined Total |
|---|-------------------------|-------------------------|------------------------|-------------------------|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$25,624 | \$164,709 | \$2,922 | \$193,255 |
| Charges for Services | 21,229 | | | 21,229 |
| Licenses, Permits and Fees | 10,825 | | | 10,825 |
| Intergovernmental | 25,826 | 182,761 | 395 | 208,982 |
| Earnings on Investments | 13,425 | 2,932 | | 16,357 |
| Miscellaneous | <u>13,175</u> | <u>10,795</u> | | <u>23,970</u> |
| <i>Total Cash Receipts</i> | <u>78,050</u> | <u>393,251</u> | <u>3,317</u> | <u>474,618</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| General Government | 51,326 | | 98 | 51,424 |
| Public Safety | 81,384 | | | 81,384 |
| Public Works | 317,038 | | | 317,038 |
| Health | 711 | 31,987 | | 32,698 |
| Capital Outlay | <u>51,700</u> | | | <u>51,700</u> |
| <i>Total Cash Disbursements</i> | <u>52,037</u> | <u>482,109</u> | <u>98</u> | <u>534,244</u> |
| <i>Net Change in Fund Cash Balances</i> | 26,013 | (88,858) | 3,219 | (59,626) |
| <i>Fund Cash Balances, January 1</i> | <u>306,408</u> | <u>482,209</u> | <u>28,920</u> | <u>817,537</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$332,421</u></u> | <u><u>\$393,351</u></u> | <u><u>\$32,139</u></u> | <u><u>\$757,911</u></u> |

See accompanying notes to the basic financial statements

Brown Township
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Brown Township, Paulding County, Ohio (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Oakwood to provide fire services and to provide ambulance services.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The Township uses funds 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 presented below:

General Fund 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund This fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

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

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

TIF Fund This fund receives property tax money for capital improvements.

Brown Township
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

Accumulated Leave

Township employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Brown Township
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Fund Balance

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

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2023 follows:

| Fund Type | 2023 Budgeted vs. Actual Receipts | | |
|------------------|-----------------------------------|------------------|-----------------|
| | Budgeted Receipts | Actual Receipts | Variance |
| General | \$46,307 | \$78,050 | \$31,743 |
| Special Revenue | 359,547 | 393,251 | 33,704 |
| Capital Projects | 4,950 | 3,317 | (1,633) |
| Total | <u>\$410,804</u> | <u>\$474,618</u> | <u>\$63,814</u> |

Brown Township
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2023

| 2023 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|---------------------------|-------------------------|-------------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$286,000 | \$52,037 | \$233,963 |
| Special Revenue | 841,754 | 482,109 | 359,645 |
| Capital Projects | 33,870 | 98 | 33,772 |
| Total | <u><u>\$1,161,624</u></u> | <u><u>\$534,244</u></u> | <u><u>\$627,380</u></u> |

Note 4 – Deposits

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

| | 2023 |
|-------------------------|-------------------------|
| Demand deposits | \$241,798 |
| Certificates of deposit | 516,113 |
| Total deposits | <u><u>\$757,911</u></u> |

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Township is not holding any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through 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 statement.

Note 5 – Property Taxes

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

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

Brown Township
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – 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 cost.

Risk Pool Membership

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

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

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023:

| | 2023 |
|-----------------|---------------------------|
| Assets | \$23,133,696 |
| Liabilities | (\$16,078,587) |
| Members' Equity | <u><u>\$7,055,109</u></u> |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

Brown Township
Paulding County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Fund Balances

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital project funds are restricted, committed, or assigned.

Note 10 – Miscellaneous Revenue

The Township has miscellaneous revenue in the General fund totaling \$13,175. These revenues consist primarily of refunds from the Bureau of Workers Compensation and donations.



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

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

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2024 and 2023 and the related notes to the financial statements of Brown Township, Paulding County, Ohio (the Township) and have issued our report thereon dated December 30, 2025, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-001 that we consider to be a material weakness.

Brown Township
Paulding County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Township's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying schedule of findings. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 30, 2025

**BROWN TOWNSHIP
PAULDING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2024 AND 2023**

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

FINDING NUMBER 2024-001

Financial Reporting

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

General fund actual receipts amount was increased in the amount of \$10,342, in 2023, in order to bring the amounts reported in the Budgetary Activity note to the financial statements in line with actual receipts amount reported in the financial statement.

This error was the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. The failure to prepare complete and accurate financial statements and notes to the financial statements could lead to users of the financial statements making misinformed decisions about the Township's financial position. The accompanying notes to the financial statements have been adjusted to correct this error, as agreed to by management.

The Township should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Trustees, to help identify and correct errors and omissions.

Officials' Response:

The Fiscal Officer will try to record the proper actual receipts in the notes to the financial statements in the future.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



BROWN TOWNSHIP

PAULDING 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 1/13/2026

65 East State 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