



**BROWN TOWNSHIP  
PAULDING COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2005**



**Mary Taylor, CPA**  
Auditor of State



**BROWN TOWNSHIP  
PAULDING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Modified Cash Basis .....	9
Statement of Activities – Modified Cash Basis .....	10
Fund Financial Statements:	
Statement of Modified Cash Basis Assets and Fund Balances - Governmental Funds .....	11
Statement of Cash Receipts, Disbursements and Changes in Modified - Cash Basis Fund Balances – Governmental Funds.....	12
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – General Fund .....	13
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – Gasoline Tax Fund.....	14
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – Road and Bridge Fund.....	15
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – Cemetery Fund .....	16
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – Special EMS Fund .....	17
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – Special Road and Bridge Fund.....	18
Notes to the Basic Financial Statements .....	19
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	29
Schedule of Findings .....	31

**This page intentionally left blank.**



# Mary Taylor, CPA

---

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brown Township, Paulding County, Ohio (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Brown Township, Paulding County, Ohio, as of December 31, 2005, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, Cemetery, Special EMS Levy, and Special Road and Bridge funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



**Mary Taylor, CPA**  
Auditor of State

August 29, 2007

**BROWN TOWNSHIP  
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

This discussion and analysis of Brown Township's (the Township) financial performance provides an overall review of Brown Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2005 are as follows:

- Net assets of governmental activities increased \$29,427 or 18 percent, a significant change from the prior year. The funds most affected by the increase in cash and cash equivalents was the Gas Tax Fund and the Road and Bridge Fund.
- The Township's general receipts are primarily property taxes and grants and entitlements. These receipts represent respectively 50% percent of the total cash received for governmental activities during the year. Property and income tax receipts for 2005 changed very little compared to 2004 as development within the Township has slowed.
- The Township purchased a new John Deere Tractor and a new disk mower through the Ohio Purchasing Program. The amount of the Tractor and mower were \$51,450 and \$9,071 before the discount was applied. The Township traded in an International Tractor as part of the deal. The Purchase price of the tractor after the discount and Trade-in was \$31,509. This was paid out of the Special Levy Road and Bridge Fund and the Permissive Motor Vehicle Fund. The disk mower purchased for the mowing of Township Roads after the discount and trade in was \$4,904. The General Fund paid \$2,000 of this cost as Cooper donated that amount and the Trustees wanted that to be used for the mower. The remaining \$2,904 came from the Permissive Motor Vehicle Fund.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's modified cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the Township-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**BROWN TOWNSHIP  
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the Township reports governmental activities which include the Township's basic services such as fire protection and emergency medical services. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are all governmental funds.



**BROWN TOWNSHIP  
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's only major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Cemetery Fund, Special Emergency Medical Levy Fund, and Special Road and Bridge Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on a modified cash basis:

	<b>Net Assets</b>	
	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$189,993	\$160,536
Total Assets	<u>\$189,993</u>	<u>\$160,566</u>
<b>Net Assets</b>		
Restricted for:		
Other Purposes	128,331	108,549
Unrestricted	<u>61,662</u>	<u>51,987</u>
Total Net Assets	<u>\$189,993</u>	<u>\$160,566</u>

As mentioned previously, net assets of governmental activities increased \$ 29,427 during 2005. The primary reasons contributing to the increase in cash balance is because gas tax revenues increased due to the additional two cent tax imposed by the State and an increase in the burials at the Township Cemeteries.

**BROWN TOWNSHIP  
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net assets on a modified cash basis in 2005 and 2004 for governmental activities.

**Changes in Net Assets**

	Governmental Activities	
	<u>2005</u>	<u>2004</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$41,543	\$23,484
Operating Grants and Contributions	97,554	88,862
Capital Grants and Contributions	5,000	58,255
Total Program Receipts	<u>144,097</u>	<u>170,601</u>
General Receipts:		
Property and Other Local Taxes	119,752	121,545
Sale of capital assets	1,000	
Grants and Entitlements Not Restricted to Specific Programs	31,969	21,113
Interest	1,668	1,318
Miscellaneous	2,200	714
Total General Receipts	<u>156,589</u>	<u>144,690</u>
Total Receipts	<u>300,686</u>	<u>315,291</u>
Disbursements:		
General Government	26,724	22,713
Public Safety	57,257	40,869
Public Works	128,155	154,453
Health	17,441	14,106
Human Services	1,104	1,125
Capital Outlay	40,578	61,161
Principal		4,186
Interest and Fiscal Charges		300
Total Disbursements	<u>271,259</u>	<u>298,912</u>
Increase in Net Assets	<u>29,427</u>	<u>16,378</u>
Net Assets, January 1,	<u>160,566</u>	<u>144,187</u>
Net Assets, December 31	<u>\$189,993</u>	<u>\$160,566</u>

Program receipts represent 48 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, Open/Closing of Burial spaces, and EMS insurance billing.

General receipts represent 52 percent of the Township's total receipts, and of this amount, over 76 percent are local taxes. State and federal grants and entitlements make up 20 per cent of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

**BROWN TOWNSHIP  
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board of Trustees and fiscal officer as well as internal services such as payroll and accounting.

Public Safety is costs of emergency medical services and fire protection; Human Services is the health department; Public Works is the cost of maintaining roads and bridges; Health is cemeteries; and Capital Outlay is road construction and purchases of equipment.

**Governmental Activities**

If you look at the Statement of Activities on page 1, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Works and Public Safety, which account for 68 percent of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2004
General Government	\$26,724	\$26,724	\$22,713	\$22,713
Public Safety	57,257	31,465	40,869	39,083
Public Works	128,155	30,270	154,482	3,793
Health	17,441	(2,979)	14,106	9,730
Human Services	1,104	1,104	1,125	1,125
Other				(13,750)
Capital Outlay	40,578	40,578	61,161	61,161
Principal Retirement			4,186	4,186
Interest and Fiscal Charges			300	300
<b>Total Expenses</b>	<b>\$271,259</b>	<b>\$127,162</b>	<b>\$298,942</b>	<b>\$128,341</b>

The dependence upon property and other tax receipts is apparent as over 43 percent of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$300,686 and disbursements of \$271,259. The greatest change within governmental funds occurred within the Gas Fund. The fund balance of the Gas Fund increased \$16,039, a result of increased tax revenue imposed by the State.

**BROWN TOWNSHIP  
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

The two Road and Bridge Funds are alternately used every other year (to allow the funds to build for projects), thus any major increases or decreases in these funds are only related only to this fact

The General Fund has increased due to diligent overseeing and cuts in expenditures, The Officials are trying to build the fund in anticipation of future cuts in funds mandated by the state, such as the phase out of Tangible Personal Property, and Estate Taxes.

The Cemetery Fund had a significant increase (\$7,843) due to the unforeseeable increase in burials

General Fund receipts were more than disbursements by \$9,675 indicating that the General Fund is not in a deficit spending situation.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2005, the difference between final budgeted receipts and actual receipts was \$10,822. This increased was mostly due to estate taxes and gifts/donations received.

Final disbursements were budgeted at \$36,255 while actual disbursements were \$30,286. Brown Township kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

**Debt Administration**

**Debt**

At December 31, 2005, Brown Township had no outstanding debt.

**Capital Assets**

The Township does not record capital assets in the accompanying financial statements, but records payments for capital assets as disbursements.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. The Township has reviewed our source of revenue and it is determined that other than the Gas Fund, increases elsewhere are unlikely.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Cheryl A. Halter, Clerk-Treasurer, 200 S. First St., Oakwood, OH 45873-8605.

**BROWN TOWNSHIP  
PAULDING COUNTY**

*Statement of Net Assets - Modified Cash Basis  
December 31, 2005*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$189,993</u>
<i>Total Assets</i>	<u><u>\$189,993</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	128,331
Unrestricted	<u>61,662</u>
<i>Total Net Assets</i>	<u><u>\$189,993</u></u>

See accompanying notes to the basic financial statements

**BROWN TOWNSHIP  
PAULDING COUNTY**

*Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2005*

		Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
	Disbursements				
<b>Governmental Activities</b>					
General Government	\$26,724				(\$26,724)
Public Safety	57,257	\$21,543	\$4,249		(31,465)
Public Works	128,155		92,885	\$5,000	(30,270)
Health	17,441	20,000	420		2,979
Human Services	1,104				(1,104)
Capital Outlay	40,578				(40,578)
<i>Total Governmental Activities</i>	<u>\$271,259</u>	<u>\$41,543</u>	<u>\$97,554</u>	<u>\$5,000</u>	<u>(127,162)</u>
		<b>General Receipts</b>			
		Property and Other Local Taxes			119,752
		Grants and Entitlements not Restricted to Specific Programs			31,969
		Sale of Capital Assets			1,000
		Interest			1,668
		Miscellaneous			2,200
		<i>Total General Receipts</i>			156,589
		Change in Net Assets			29,427
		<i>Net Assets Beginning of Year</i>			160,566
		<i>Net Assets End of Year</i>			\$189,993

See accompanying notes to the basic financial statements

**BROWN TOWNSHIP  
PAULDING COUNTY**

*Statement of Modified Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2005*

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Cemetery</u>	<u>Special EMS Levy Fund</u>	<u>Road and Bridge Special Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>								
Equity in Pooled Cash and Cash Equivalents	\$61,662	\$37,831	\$27,321	\$19,591	\$20,820	\$15,538	\$7,230	\$189,993
<i>Total Assets</i>	<u>\$61,662</u>	<u>\$37,831</u>	<u>\$27,321</u>	<u>\$19,591</u>	<u>\$20,820</u>	<u>\$15,538</u>	<u>\$7,230</u>	<u>\$189,993</u>
<b>Fund Balances</b>								
Unreserved:								
Undesignated, Reported in:								
General Fund	61,662							61,662
Special Revenue Funds		37,831	27,321	19,591	20,820	15,538	7,230	128,331
<i>Total Fund Balances</i>	<u>\$61,662</u>	<u>\$37,831</u>	<u>\$27,321</u>	<u>\$19,591</u>	<u>\$20,820</u>	<u>\$15,538</u>	<u>\$7,230</u>	<u>\$189,993</u>

See accompanying notes to the basic financial statements

**BROWN TOWNSHIP  
PAULDING COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2005*

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Cemetery</u>	<u>Special EMS Levy</u>	<u>Special Road and Bridge</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>								
Property and Other Local Taxes	\$14,307		\$29,910	\$3,568	\$15,638	\$26,391	\$29,938	\$119,752
Charges for Services					21,543			21,543
Licenses, Permits and Fees				13,000				13,000
Sale of Lots				7,000				7,000
Intergovernmental	21,154	\$77,233	8,390	404	1,768	2,990	22,584	134,523
Interest	1,500	132					36	1,668
Other	2,000			200				2,200
<i>Total Receipts</i>	<u>38,961</u>	<u>77,365</u>	<u>38,300</u>	<u>24,172</u>	<u>38,949</u>	<u>29,381</u>	<u>52,558</u>	<u>299,686</u>
<b>Disbursements</b>								
Current:								
General Government	26,724							26,724
Public Safety					34,464		22,793	57,257
Public Works		58,175	20,985			22,609	26,386	128,155
Health	1,112			16,329				17,441
Human Services					465		639	1,104
Capital Outlay	2,450	3,151				25,473	9,504	40,578
<i>Total Disbursements</i>	<u>30,286</u>	<u>61,326</u>	<u>20,985</u>	<u>16,329</u>	<u>34,929</u>	<u>48,082</u>	<u>59,322</u>	<u>271,259</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>8,675</u>	<u>16,039</u>	<u>17,315</u>	<u>7,843</u>	<u>4,020</u>	<u>(18,701)</u>	<u>(6,764)</u>	<u>28,427</u>
<b>Other Financing Sources</b>								
Sale of Capital Assets	1,000							1,000
<i>Net Change in Fund Balances</i>	9,675	16,039	17,315	7,843	4,020	(18,701)	(6,764)	29,427
<i>Fund Balances Beginning of Year</i>	<u>51,987</u>	<u>21,792</u>	<u>10,006</u>	<u>11,748</u>	<u>16,800</u>	<u>34,239</u>	<u>13,994</u>	<u>160,566</u>
<i>Fund Balances End of Year</i>	<u>\$61,662</u>	<u>\$37,831</u>	<u>\$27,321</u>	<u>\$19,591</u>	<u>\$20,820</u>	<u>\$15,538</u>	<u>\$7,230</u>	<u>\$189,993</u>

See accompanying notes to the basic financial statements



**BROWN TOWNSHIP  
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$14,200	\$14,200	\$14,307	\$107
Intergovernmental	13,939	13,939	21,154	7,215
Interest	1,000	1,000	1,500	500
Other			2,000	2,000
<i>Total receipts</i>	<u>29,139</u>	<u>29,139</u>	<u>38,961</u>	<u>9,822</u>
<b>Disbursements</b>				
Current:				
General Government	31,250	31,250	26,724	4,526
Health	1,505	1,505	1,112	393
Capital Outlay	3,500	3,500	2,450	1,050
<i>Total Disbursements</i>	<u>36,255</u>	<u>36,255</u>	<u>30,286</u>	<u>5,969</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,116)</u>	<u>(7,116)</u>	<u>8,675</u>	<u>15,791</u>
<b>Other Financing Sources</b>				
Sale of Capital Assets			1,000	1,000
<i>Net Change in Fund Balance</i>	<u>(7,116)</u>	<u>(7,116)</u>	<u>9,675</u>	<u>16,791</u>
<i>Fund Balance Beginning of Year</i>	<u>51,987</u>	<u>51,987</u>	<u>51,987</u>	
<i>Fund Balance End of Year</i>	<u>\$44,871</u>	<u>\$44,871</u>	<u>\$61,662</u>	<u>\$16,791</u>

See accompanying notes to the basic financial statements

**BROWN TOWNSHIP  
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Gasoline Tax Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$70,000	\$70,000	\$77,233	\$7,233
Earnings on Investment	30	30	132	102
<i>Total receipts</i>	<u>70,030</u>	<u>70,030</u>	<u>77,365</u>	<u>7,335</u>
<b>Disbursements</b>				
Current:				
Public Works	65,600	69,394	58,175	11,219
Capital Outlay	3,500	3,500	3,151	349
<i>Total Disbursements</i>	<u>69,100</u>	<u>72,894</u>	<u>61,326</u>	<u>11,568</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	930	(2,864)	16,039	18,903
<i>Fund Balance Beginning of Year</i>	<u>21,792</u>	<u>21,792</u>	<u>21,792</u>	
<i>Fund Balance End of Year</i>	<u>\$22,722</u>	<u>\$18,928</u>	<u>\$37,831</u>	<u>\$18,903</u>

See accompanying notes to the basic financial statements

**BROWN TOWNSHIP  
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Road and Bridge Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$29,505	\$29,505	\$29,910	\$405
Intergovernmental	8,000	8,000	8,390	390
<i>Total receipts</i>	<u>37,505</u>	<u>37,505</u>	<u>38,300</u>	<u>795</u>
<b>Disbursements</b>				
Current:				
Public Works	21,615	21,615	20,985	630
<i>Excess of Reciepts Over Disbursements</i>	15,890	15,890	17,315	1,425
<i>Fund Balance Beginning of Year</i>	<u>10,006</u>	<u>10,006</u>	<u>10,006</u>	
<i>Fund Balance End of Year</i>	<u><u>\$25,896</u></u>	<u><u>\$25,896</u></u>	<u><u>\$27,321</u></u>	<u><u>\$1,425</u></u>

See accompanying notes to the basic financial statements

**BROWN TOWNSHIP  
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Cemetery Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$3,400	\$3,400	\$3,568	\$168
Licenses, Permits and Fees	9,000	9,000	13,000	4,000
Sale of Lots	4,000	4,000	7,000	3,000
Intergovernmental	400	400	404	4
Other			200	200
<i>Total receipts</i>	<u>16,800</u>	<u>16,800</u>	<u>24,172</u>	<u>7,372</u>
<b>Disbursements</b>				
Current:				
Health	<u>19,219</u>	<u>19,219</u>	<u>16,329</u>	<u>2,890</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,419)</u>	<u>(2,419)</u>	<u>7,843</u>	<u>10,262</u>
<i>Fund Balance Beginning of Year</i>	<u>11,748</u>	<u>11,748</u>	<u>11,748</u>	
<i>Fund Balance End of Year</i>	<u><u>\$9,329</u></u>	<u><u>\$9,329</u></u>	<u><u>\$19,591</u></u>	<u><u>\$10,262</u></u>

See accompanying notes to the basic financial statements

**BROWN TOWNSHIP  
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Special EMS Levy Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$14,641	\$14,641	\$15,638	\$997
Charges for Services	10,000	30,000	21,543	(8,457)
Intergovernmental	1,600	1,600	1,768	168
<i>Total receipts</i>	<u>26,241</u>	<u>46,241</u>	<u>38,949</u>	<u>(7,292)</u>
<b>Disbursements</b>				
Current:				
Public Safety	42,920	42,920	34,464	8,456
Human Services	550	550	465	85
<i>Total Disbursements</i>	<u>43,470</u>	<u>43,470</u>	<u>34,929</u>	<u>8,541</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(17,229)</u>	<u>2,771</u>	<u>4,020</u>	<u>1,249</u>
<i>Fund Balance Beginning of Year</i>	<u>16,800</u>	<u>16,800</u>	<u>16,800</u>	
<i>Fund Balance End of Year</i>	<u><u>(\$429)</u></u>	<u><u>\$19,571</u></u>	<u><u>\$20,820</u></u>	<u><u>\$1,249</u></u>

See accompanying notes to the basic financial statements

**BROWN TOWNSHIP  
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Road and Bridge Special Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$25,250	\$25,250	\$26,391	\$1,141
Intergovernmental	2,800	2,800	2,990	190
<i>Total receipts</i>	<u>28,050</u>	<u>28,050</u>	<u>29,381</u>	<u>1,331</u>
<b>Disbursements</b>				
Current:				
Public Works	24,070	24,070	22,609	1,461
Capital Outlay	25,473	25,473	25,473	
<i>Total Disbursements</i>	<u>49,543</u>	<u>49,543</u>	<u>48,082</u>	<u>1,461</u>
<i>Excess of Receipts Under Disbursements</i>	(21,493)	(21,493)	(18,701)	2,792
<i>Fund Balance Beginning of Year</i>	<u>34,239</u>	<u>34,239</u>	<u>34,239</u>	
<i>Fund Balance End of Year</i>	<u><u>\$12,746</u></u>	<u><u>\$12,746</u></u>	<u><u>\$15,538</u></u>	<u><u>\$2,792</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, 2005**

**NOTE 1 – REPORTING ENTITY**

Brown Township, Paulding 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.

**A. 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 cemetery maintenance. The Township contracts with the Village of Oakwood for fire protection and emergency medical services.

**B. Component Unit**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Based on this criteria, the Township has no component units.

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 Note 2.C, 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. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**BROWN TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets 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 assets 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. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance, 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 modified 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 and enterprise 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.

B. 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are categorized as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are as follows:



**BROWN TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**1. General Fund**

The General Fund is used to account for all financial resources, except those required to be accounted for 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.

**2. Gasoline Tax Fund**

The Gasoline Tax Fund receives state fuel excise taxes to pay for constructing, maintaining, and repairing Township roads.

**3. Road and Bridge Fund**

The Road and Bridge Fund receive state fuel taxes to pay for constructing, maintaining, and repairing Township roads.

**4. Cemetery Fund**

The Cemetery Fund receives monies from the opening & closing of graves and the sale of lots. These monies are used for the operation of the cemetery.

**5. Emergency Medical Services Fund**

The Emergency Medical Services Fund receives tax money for emergency medical equipment and costs.

**6. Special Road and Bridge Fund**

The Special Road and Bridge Fund receives levy money for the maintenance of township roads.

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

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

**C. Basis of Accounting**

The Township's financial statements are prepared using the modified 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.

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 expenses and liabilities) are not recorded in these financial statements.

**BROWN TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

D. Budgetary Process

All funds, except agency 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.

E. Cash and Investments

Township records identify the purchase of specific investments by the specific funds.

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 of the cash management pool and investments with an original maturity of three months or less at the time of purchase 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, respectively.

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 2005 was \$1,500 which includes \$646 assigned from other Township funds.

**BROWN TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

F. 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 modified cash basis of accounting.

G. 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.

H. 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.

I. 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 postretirement health care benefits.

J. Long-Term Obligations

The Township's modified 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.

K. Net Assets

Net assets are 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 assets restricted for other purposes include resources restricted for construction, maintenance, and repair of roads and bridges, emergency medical services, fire protection, and cemeteries.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. No amounts are restricted by enabling legislation.

L. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**BROWN TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**NOTE 3 – CHANGE IN BASIS OF ACCOUNTING**

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**NOTE 4 – 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, gas tax fund, road and bridge fund, cemetery fund, special emergency medical services fund, and special road and bridge fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There are no differences between the budgetary basis and the modified cash basis and the modified cash basis in as much as the township cancels outstanding year end encumbrances.

**NOTE 5 – 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;

**BROWN TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**NOTE 5 – DEPOSITS AND INVESTMENTS – (CONTINUED)**

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (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;
7. The State Treasurer's investment pool (STAR Ohio).

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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

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, \$37,728 of the Township's bank balance of \$210,267 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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 and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**BROWN TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**NOTE 6– PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility, real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$6.60 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	\$15,832,880
Residential	10,737,520
Agriculture	5,095,360
Commercial/Industrial/Mineral	1,149,850
Public Utility Property	1,340,600
Real	26,810
Personal	1,313,790
Tangible Personal Property	997,574
Total Assessed Value	<u>\$19,320,904</u>

**BROWN TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**NOTE 7 – RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005 the Township contracted with Volunteer Fire Insurance Services incorporated in which coverage was provided through American Alternative Insurance Corporation.

Legal Liability	\$1,000,000	Per Occurrence
Automobile Liability	1,000,000	Per Occurrence
Law Enforcement Operations	1,000,000	Per Occurrence
Wrongful Acts	1,000,000	Per Occurrence
Property	136,116	Total Coverage
Boiler and Machinery	27,145	Limit

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

**NOTE 8 – DEFINED BENEFIT PENSION PLAN**

**A. Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

**BROWN TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN – (CONTINUED)**

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003, were \$14,963, \$14,332, and \$13,462 respectively. The full amount has been contributed for 2005, 2004, and 2003. Contributions to the member-directed plan for 2005 were \$8,829 made by the Township and \$6,134 made by the plan members.

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$2,606. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.





# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brown Township, Paulding County (the Township) as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 29, 2007, wherein, we noted that the Township revised its financial statement presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2005-001.

One Government Center / Room 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable condition 2005-001 listed above to be a material weakness.

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

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instance of noncompliance or other matters that we must report under *Government Auditing Standards*. In a separate letter to the Township's management dated August 29, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management, the audit committee and the Board of Trustees. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

August 29, 2007

**BROWN TOWNSHIP  
PAULDING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005**

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

**FINDING NUMBER 2005-001**

**Material Weaknesses**

**Posting Appropriations**

Appropriations reported on the accounting system differed from amounts approved by the Trustees and submitted to the County Budget Commission in 2005.

The following variances in appropriations were noted:

<u>Fund</u>	<u>Approved Appropriations</u>	<u>Posted Appropriations</u>	<u>Variance</u>
General	\$81,125	\$36,255	\$44,870
Motor Vehicle License Tax Fund	29,016	28,821	195
Gasoline Tax Fund	91,822	72,894	18,928
Road & Bridge 1.5 Fund	47,511	21,615	25,896
Special Road & Bridge 1.7 Fund	62,289	49,543	12,746
Cemetery Fund	28,548	19,219	9,329
EMS Fund	\$63,040	\$43,470	\$19,570

As result, reports containing appropriations were inaccurate. This increases the risk that management may draw inaccurate conclusions concerning the Township's financial status.

We recommend that the Fiscal Officer post to the Township's financial records the appropriations that the Township Trustees approve in the annual appropriation resolution and any subsequent amendments. The amount approved by the Trustees does not have to match the total amount of the Estimates resources that are approved. The Trustees may approve the amount of the township funds they wish to spend in a year with amendments to the appropriations as needed to increase.

**Officials' Response**

The Township did not respond to this finding.





**Mary Taylor, CPA**  
Auditor of State

**BROWN TOWNSHIP**

**PAULDING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 2, 2007**