



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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BRUSH CREEK TOWNSHIP  
ADAMS COUNTY

AGREED UPON PROCEDURES

For the Years Ended December 31, 2012 and 2011





# Dave Yost • Auditor of State

Board of Trustees  
Brush Creek Township  
138 William Taylor Road  
Lynx, Ohio 45650

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of Brush Creek Township, Adams County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Brush Creek Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

June 7, 2013

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# Balestra, Harr & Scherer, CPAs, Inc.

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Trustees  
Brush Creek Township  
Adams County  
138 William Taylor Road  
Lynx, Ohio 45650

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Brush Creek Township (the Township) and the Auditor of State agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2012 and 2011, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' Government Auditing Standards. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### Cash

1. We tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Cash Journal to the December 31, 2010 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances recorded in the Cash Journal to the December 31, 2011 balances in the Cash Journal. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balance to the amount appearing in the December 31, 2012 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) from the December 31, 2012 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

**Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a property tax receipt from one Statement of Semiannual Apportionment of Taxes (the Statement) for 2012 and one from 2011:
  - a. We traced the gross receipts from the Statement to the amount recorded in the Receipt Journal. We noted that the Township improperly receipted the 2012 second half manufactured homes settlement in the net. The gross amount for the General fund was \$166 with a net amount of \$140 resulting in a difference of \$26. The gross amount for the Cemetery fund was \$161 with a net of \$136 resulting in a difference of \$25. This adjustment has been posted to the client's financial records.
  - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Journal to determine whether it included two real estate tax receipts for 2012 and 2011. We noted the Receipt Journal included the proper number of tax receipts each year.
3. We selected all of the receipts from the State Distribution Transaction Lists (DTL) from 2012 and all of the receipts from 2011. We also selected five receipts from the County Auditor's Vendor Audit Trail report from 2012 and five from 2011:
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Journal. The amounts were agreed.
  - b. We determined whether these receipts were allocated to the proper funds. We noted that the Township did not properly allocate homestead and rollback monies between the General and Cemetery funds for two receipts selected in 2012, as the entire receipt was posted to the General Fund. Receipt #1546 should have \$17 allocated to the Cemetery fund while receipt #1542 should have \$719 allocated to the Cemetery fund. These adjustments have been posted to the client's financial records.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior audit documentation, we noted the following note outstanding as of December 31, 2010. These amounts agreed to the Township's January 1, 2011 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2010:
Schoolhouse Note	\$48,954

2. We inquired of management, and scanned the Receipts Journal and Cash Journal for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. We noted no new debt issuances in 2012 or 2011. All debt payments agreed to the summary we used in step 3.
3. We obtained a summary of note activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedule to the General and Gas tax fund payments reported in the Cash Journal. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Payroll Record and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Record to supporting documentation (minutes, timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll record. We found no exceptions.
  - c. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the board minutes, time records, or as required by statute. We also determined whether the payment was posted to the proper year. The Township maintained time record for jobs performed, however, a year-end reconciliation was not performed by the fiscal officer. Upon review of the actual total time allocated and charged to each fund in comparison to the board resolution stating the allocation percentages for the year, there was not a significant difference. Therefore, an adjustment was not made but a recommendation was made that the fiscal officer prepare a year end reconciliation of the estimated time to be charged based on board resolution and the actual certifications for the year completed by the Trustees.
  
2. For any new employees selected in step 1 we determined whether the following information in the Minute Record and employee file was consistent with the information used to compute gross and net pay related to this check:
  - a. Name
  - b. Authorized salary or pay rate Authorized rate
  - c. Department(s) and fund(s) to which the check should be charged
  - d. Retirement system participation and payroll withholding
  - e. Federal, State & Local income tax withholding authorization and withholding
  - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a-f above.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2012. We noted the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare	January 31, 2013	1/8/2013	\$1,533	\$1,533
State income taxes	January 15, 2013	1/8/2013	\$314	\$314
OPERS retirement	January 30, 2013	1/7/2013	\$1,167	\$1,167

4. For the pay periods ended June 25, 2012 and October 22 & November 26, 2011, we recomputed the allocation of the Board's salaries to the General, Motor Vehicle, Cemetery and Gasoline Tax funds per the Payroll Record. The Township maintained time record for jobs performed, however, a year-end reconciliation was not performed by the fiscal officer. Upon review of the actual total time allocated and charged to each fund in comparison to the board resolution stating the allocation percentages for the year, there was not a significant difference. Therefore, an adjustment was not made but a recommendation was made that the fiscal officer prepare a year



end reconciliation of the estimated time to be charged based on board resolution and the actual certifications for the year completed by the Trustees.

5. For the pay periods described in the preceding step, we traced Boards' salary for time or services performed to supporting certifications the Revised Code requires. The Township maintained time record for jobs performed, however, a year-end reconciliation was not performed by the fiscal officer. Upon review of the actual total time allocated and charged to each fund in comparison to the board resolution stating the allocation percentages for the year, there was not a significant difference. Therefore, an adjustment was not made but a recommendation was made that the fiscal officer prepare a year end reconciliation of the estimated time to be charged based on board resolution and the actual certifications for the year completed by the Trustees.

### **Non-Payroll Cash Disbursements**

1. From the Cash Journal report, we re-footed checks recorded as General Fund-Public Safety (1-E-1) disbursements, and checks recorded as public works in the Gasoline Tax fund for 2012. We found no exceptions.
2. We haphazardly selected ten disbursements from the Cash Journal for the year ended December 31, 2012 and ten from the year ended 2011 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Cash Journal and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
  - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now* Certificate, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

### **Compliance – Budgetary**

1. We compared the total estimated receipts from the Amended Official Certificate of Estimated Resources (*the Certificate*), required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Receipts Journal for the General, Motor Vehicle License Tax, and Gasoline Tax funds for the years ended December 31, 2012 and 2011. The Receipt Journal did not record budgeted (i.e. certified) resources for any funds for 2012 & 2011. The Fiscal officer should record budgeted receipts in the receipt ledger and periodically compare the amounts recorded to the amounts recorded on the Amended Official Certificate of Estimated Resources to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Motor Vehicle License Tax, and Gasoline Tax funds, the Trustees appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledger for 2012 and 2011 for the following funds: General, Motor Vehicle License Tax, and Gasoline Tax funds. The amounts from the appropriation resolutions agreed to the amounts recorded in the Appropriation ledger

4. Ohio Rev. Code Sections 5705.36(A) (5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Motor Vehicle License Tax, and Gasoline Tax funds for the years ended December 31, 2012 and 2011. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2012 and 2011 for the General, Motor Vehicle License Tax, and Gasoline Tax fund, as recorded in the Appropriation Ledger. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Journal for evidence of new restricted receipts requiring a new fund during December 31, 2012 and 2011. We also inquired of management regarding whether the Township received new restricted receipts. We noted the Township received a FEMA grant from the Ohio Department of Public Safety for disaster relief in which the Township established the FEMA grant fund accordingly which is in compliance with section 5705.09 and 2CFR Part 176.210.
7. We scanned the 2012 and 2011 Receipt Journal and Appropriation Ledger for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 -- .16 restrict. We found no evidence of transfers these sections prohibit, or for which section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Cash Journal to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Township did not establish these reserves.

#### **Compliance – Contracts & Expenditures**

We inquired of management and scanned the Cash Journal for the years ended December 31, 2012 and 2011 to determine if the township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct township roads (cost of project \$5,000-\$15,000/per mile) for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance the Auditor of State, and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

March 19, 2013



# Dave Yost • Auditor of State

**BRUSH CREEK TOWNSHIP**

**ADAMS 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  
JUNE 20, 2013**