

Brush Creek Township
Scioto County
Regular Audit
For the Years Ended December 31, 2015 and 2014



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Dave Yost • Auditor of State

Board of Trustees
Brush Creek Township
PO Box 12
Otway, OH 45657

We have reviewed the *Independent Auditor's Report* of Brush Creek Township, Scioto County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 29, 2016

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Scioto County
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For the Years Ended December 31, 2015 and 2014

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Independent Auditor's Report

Board of Trustees
Brush Creek Township
Scioto County
P.O. Box 12
Otway, Ohio 45657

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Brush Creek Township, Scioto County, (the Township) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the Township has prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Brush Creek Township, Scioto County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2016, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Brush Creek Township
Scioto County
Independent Auditor's Report
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A handwritten signature in black ink, reading "Natalie Millhuff-Stang". The signature is written in a cursive, flowing style.

Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

July 12, 2016

Brush Creek Township
Scioto County
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2015

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Other Local Taxes	\$29,064	\$59,901	\$88,965
Intergovernmental	25,950	100,071	126,021
Earnings on Investments	8	22	30
Miscellaneous	715	3,843	4,558
Total Cash Receipts	55,737	163,837	219,574
Cash Disbursements:			
Current:			
General Government	25,754	126	25,880
Public Safety	0	41,155	41,155
Public Works	0	90,932	90,932
Health	9,332	7,408	16,740
Conservation and Recreation	570	170	740
Capital Outlay	1,721	25,500	27,221
Debt Service:			
Redemption of Principal	4,772	0	4,772
Interest and Other Fiscal Charges	865	0	865
Total Cash Disbursements	43,014	165,291	208,305
Total Cash Receipts Over(Under) Cash Disbursements	12,723	(1,454)	11,269
Other Financing Sources:			
Special Item - Insurance Proceeds	0	15,535	15,535
Sale of Fixed Assets	0	835	835
Total Other Financing Sources	0	16,370	16,370
Net Change in Fund Cash Balances	12,723	14,916	27,639
Fund Cash Balances, January 1	5,214	128,440	133,654
Fund Cash Balances, December 31:			
Restricted for:			
Road and Bridge Maintenance and Repair	0	97,829	97,829
Cemetery	0	10,685	10,685
Fire Protection	0	14,593	14,593
Parks and Recreation	0	819	819
Emergency Management	0	6,511	6,511
Committed to Road & Bridge	0	12,919	12,919
Assigned to Future Purchases	811	0	811
Unassigned	17,126	0	17,126
Fund Cash Balances, December 31	\$17,937	\$143,356	\$161,293

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

Brush Creek Township
Scioto County
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2014

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Other Local Taxes	\$27,600	\$57,102	\$84,702
Intergovernmental	13,619	97,940	111,559
Earnings on Investments	11	14	25
Miscellaneous	555	1,369	1,924
Total Cash Receipts	41,785	156,425	198,210
Cash Disbursements:			
Current:			
General Government	25,201	54	25,255
Public Safety	0	39,291	39,291
Public Works	0	92,584	92,584
Health	9,383	5,780	15,163
Human Services	0	106	106
Conservation/Recreation	0	400	400
Debt Service:			
Redemption of Principal	4,564	0	4,564
Interest and Other Fiscal Charges	1,075	0	1,075
Total Cash Disbursements	40,223	138,215	178,438
Net Change in Fund Cash Balance	1,562	18,210	19,772
Fund Cash Balances, January 1	3,652	110,230	113,882
Restricted for:			
Road and Bridge Maintenance and Repair	0	90,022	90,022
Cemetery	0	9,776	9,776
Fire Protection	0	12,102	12,102
Parks and Recreation	0	539	539
Emergency Management	0	6,511	6,511
Committed to Road & Bridge	0	9,490	9,490
Assigned to Future Purchases	758	0	758
Unassigned	4,456	0	4,456
Fund Cash Balances, December 31	\$5,214	\$128,440	\$133,654

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

Brush Creek Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 – Summary of Significant Accounting Policies

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Brush Creek Township, Scioto County (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 ambulatory services. The Township contracts with the Village of Otway to provide fire protection services and with Scioto Ambulatory District to provide ambulance services. The Scioto Ambulatory District is defined as a jointly governed organization and is described in Note 9.

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is the Ohio Township Association Risk Management Authority (OTARMA). This is a risk sharing pool available to all townships for property and casualty insurance coverage.

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

Basis of Accounting

These financial statements follow the accounting basis the Auditor of State of Ohio prescribes or permits. 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 Auditor of State prescribes or permits.

Cash

The Township maintains its cash pool in an interest-bearing checking account with a local commercial bank.

Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds account for proceeds from specific sources (other than those from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Brush Creek Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

Fire Levy Fund - This fund receives property tax money to provide for fire protection services within the Township.

Budgetary Process

The Ohio Revised Code requires that 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered 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 also 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 carried over, and need not be reappropriated.

A summary of the 2015 and 2014 budgetary activity appears in Note 3.

Fund Balances

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

Nonspendable – The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by the Township Trustees or a Township official delegated that authority by resolution, or by State statute.

Brush Creek Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

Property, Plant, and Equipment

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

Note 2 – Equity in Pooled Cash

The Township maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	2015	2014
Demand Deposits	\$161,293	\$133,654

Deposits: Deposits are fully insured by the Federal Deposit Insurance Corporation.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2015 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,799	\$55,737	\$17,938
Special Revenue	162,780	180,207	17,427
Total	\$200,579	\$235,944	\$35,365

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$44,289	\$43,825	\$464
Special Revenue	259,441	165,291	94,150
Total	\$303,730	\$209,116	\$94,614

Brush Creek Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 3 – Budgetary Activity (Continued)

Budgetary activity for the year ending December 31, 2014 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,030	\$41,785	\$9,755
Special Revenue	144,825	156,425	11,600
Total	<u>\$176,855</u>	<u>\$198,210</u>	<u>\$21,355</u>

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$57,675	\$40,981	\$16,694
Special Revenue	211,950	138,215	73,735
Total	<u>\$269,625</u>	<u>\$179,196</u>	<u>\$90,429</u>

Note 4 – 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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts.

Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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

Note 5 – Debt

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Land Bonds	\$15,658	4.5%
Total	<u>\$15,658</u>	

In June 2008, the Township authorized the issuance of \$45,000 in bonds for the purpose of purchasing property. These bonds carry an interest rate of 4.5% and require semi-annual payments of \$2,819, with a final payment due in August 2018. These bonds are secured by the full faith and credit of the Township.

Brush Creek Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 5 – Debt (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Land Bonds
2016	\$5,639
2017	5,639
2018	5,639
Total	<u>\$16,917</u>

Note 6 – Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries, with the Township contributing an amount equal to 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2015.

Note 7 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014:

Brush Creek Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 7 – Risk Management (Continued)

	2015	2014
Assets	\$37,313,311	\$35,970,263
Liabilities	(8,418,518)	(8,912,432)
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 million and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 million and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township’s share of these unpaid claims collectable in future years is approximately \$3,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA	
2015	2014
\$5,203	\$5,168

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

The Township is not currently party to legal proceedings.

Note 9 – Jointly Governed Organization

The Township is a member of the Scioto Ambulatory District. The Ambulatory District is directed by an appointed five-member Board. The District provides ambulatory services to the areas of Brush Creek Township, Rush Township, Union Township, Morgan Township and the Village of Otway. A representative from each Township or Village is appointed to the Scioto Ambulatory District Board. The Ambulatory District is supported by taxes that are collected by the Scioto County Auditor from the property owners in Brush Creek Township. These taxes are paid to the Ambulatory District by the County. The Township does not assist in funding the Ambulatory District.

Brush Creek Township
Scioto County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 10 – Compliance

- The Township had appropriations in excess of estimated resources contrary to Ohio Revised Code Section 5705.39.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Trustees
Brush Creek Township
Scioto County
P.O. Box 12
Otway, Ohio 45657

We have audited in accordance with 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, the financial statements of Brush Creek Township, Scioto County, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated July 12, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 entity'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 did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2015-001 and 2015-002 that we consider to be material weaknesses.

Brush Creek Township
Scioto County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

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 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 such an opinion. The results of our tests disclosed an instance of noncompliance or another matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2015-003.

Township's Responses to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Township's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.



Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

July 12, 2016

Brush Creek Township
Scioto County
Schedule of Findings and Responses
For the Years Ended December 31, 2015 and 2014

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2015-001

Material Weakness – Financial Reporting

A monitoring system by the Township should be in place to prevent or detect misstatements for the accurate presentation of the Township’s financial statements. Several errors were identified within the Township’s financial records, including misclassification of receipts and disbursements and postings to incorrect funds. Errors in the financial statements subject the Township to the risk of relying on misinformation for decision-making processes and could result in such problems as deficit spending in funds. The Township should implement additional monitoring procedures to ensure financial transactions are properly recorded.

Township Response:

The Township is working to correct these issues.

Finding Number 2015-002

Material Weakness – Budgetary Information Within UAN

Accurate budgetary information within the Township’s accounting system is pertinent to ensure that the Township has accurate and complete information for decision-making processes. Budgetary information entered into the accounting system did not match amounts per the amended certificates and appropriations. Failure to properly document authorized budgetary amounts within the UAN system does not allow for proper monitoring of budget to actual figures. The Township should implement the appropriate procedures to ensure that only authorized budgetary amounts are included in UAN.

Township Response:

The Township is working to correct these issues.

Finding Number 2015-003

Noncompliance – Appropriations in Excess of Estimated Resources

Ohio Revised Code Section 5705.39 states that total appropriations from each fund shall not exceed the total estimated resources. The Township’s appropriations exceeded estimated resources in the general fund in 2015 and 2014. The Township should implement the appropriate procedures ensure that appropriations do not exceed the amount of estimated resources.

Township Response:

The Township is working to correct these issues.

Brush Creek Township
Scioto County
Schedule of Prior Audit Findings
For the Years Ended December 31, 2015 and 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2013-1	Material Weakness – Financial Reporting	No	Reissued as Finding 2015-001
Finding 2013-2	Material Weakness – Budgetary Information Within UAN	No	Reissued as Finding 2015-002
Finding 2013-3	Material Weakness – Financial Monitoring	Yes	
Finding 2013-4	Noncompliance – ORC Section 5705.39 - Appropriations in Excess of Estimated Resources	No	Reissued as Finding 2015-003
Finding 2013-5	Noncompliance – ORC Section 5705.41(D) – Prior Encumbrance of Funds	No	Reissued in Management Letter



Dave Yost • Auditor of State

BRUSH CREEK TOWNSHIP

SCIOTO 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 11, 2016**