



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types – For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Brushcreek Township
Highland County
P.O. Box 1
Sinking Spring, Ohio 45172

To the Board of Trustees:

We have audited the accompanying financial statements of Brushcreek Township, Highland County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2000 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 grants.

This report is intended solely for the information and use of management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

March 27, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Nonexpendable Trust	
Cash Receipts:					
Local Taxes	\$7,428	\$32,367	\$10,887	\$0	\$50,682
Intergovernmental	16,807	68,891	1,167	0	86,865
Earnings on Investments	195	627	0	111	933
Other Revenue	14	10,380	0	0	10,394
Total Cash Receipts	24,444	112,265	12,054	111	148,874
Cash Disbursements:					
Current:					
General Government	21,976	0	0	0	21,976
Public Safety	0	18,596	0	0	18,596
Public Works	175	72,697	0	0	72,872
Health	1,920	7,435	0	0	9,355
Debt Service:					
Redemption of Principal	0	4,694	1,424	0	6,118
Interest and Fiscal Charges	0	556	745	0	1,301
Capital Outlay	0	13,192	0	0	13,192
Total Cash Disbursements	24,071	117,170	2,169	0	143,410
Total Receipts Over/(Under) Disbursements	373	(4,905)	9,885	111	5,464
Fund Cash Balances, January 1	9,479	43,948	20,709	3,629	77,765
Fund Cash Balances, December 31	<u>\$9,852</u>	<u>\$39,043</u>	<u>\$30,594</u>	<u>\$3,740</u>	<u>\$83,229</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Nonexpendable Trust</u>	
Cash Receipts:					
Local Taxes	\$6,894	\$29,620	\$10,097	\$0	\$46,611
Intergovernmental	15,458	67,785	1,138	0	84,381
Earnings on Investments	220	757	0	132	1,109
Other Revenue	1,235	6,837	0	0	8,072
Total Cash Receipts	<u>23,807</u>	<u>104,999</u>	<u>11,235</u>	<u>132</u>	<u>140,173</u>
Cash Disbursements:					
Current:					
General Government	23,381	0	0	0	23,381
Public Safety	0	10,203	0	0	10,203
Public Works	202	70,131	0	0	70,333
Health	1,779	7,693	0	0	9,472
Debt Service:					
Redemption of Principal	0	7,754	1,314	0	9,068
Interest and Fiscal Charges	0	1,028	831	0	1,859
Capital Outlay	0	2,000	0	1,241	3,241
Total Cash Disbursements	<u>25,362</u>	<u>98,809</u>	<u>2,145</u>	<u>1,241</u>	<u>127,557</u>
Total Receipts Over/(Under) Disbursement:	<u>(1,555)</u>	<u>6,190</u>	<u>9,090</u>	<u>(1,109)</u>	<u>12,616</u>
Other Financing Receipts:					
Other Sources	0	5,000	0	0	5,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursement	(1,555)	11,190	9,090	(1,109)	17,616
Fund Cash Balances, January 1	11,034	32,758	11,619	4,738	60,149
Fund Cash Balances, December 31	<u><u>\$9,479</u></u>	<u><u>\$43,948</u></u>	<u><u>\$20,709</u></u>	<u><u>\$3,629</u></u>	<u><u>\$77,765</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Brushcreek Township, Highland County, Ohio (the Township) is a body corporate and politic 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 provides general governmental services, including road and bridge maintenance, cemetery maintenance, and fire protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash Deposits

The Township Clerk invests all available funds in a public funds interest checking account and certificates of deposit with a local commercial bank. Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle tax money for constructing, maintaining and repairing Township roads.

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

Road and Bridge Fund - This fund receives proceeds from the property tax levy for constructing, maintaining and repairing Township roads.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cemetery Levy Fund - This fund receives proceeds from the property tax levy for cemetery maintenance.

Fire Levy Fund - This fund receives proceeds from the property tax levy for fire protection to Township residents.

Permissive Motor Vehicle License Tax Fund - This fund received the proceeds from the tax levied by the Township and by Highland County on motor vehicle licenses sold for road maintenance.

3. Debt Service Fund

Debt Service - This fund receives proceeds from the tax levy for the retirement of note principal and interest.

4. Fiduciary Funds (Nonexpendable Trust Fund)

This fund is used to account for resources restricted by legally binding trust agreements. The agreement requires the Township to maintain the corpus of the trust; therefore, the fund is classified as a nonexpendable trust fund. The Township's nonexpendable trust fund is used to account for the funds held in trust for specific uses in the cemetery. Only the interest earnings can be expended.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. 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. Appropriations lapse at year end.

2. 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.

3. 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. However, the Township had no outstanding encumbrances at December 31, 1999 or 1998.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$80,707	\$75,242
Certificates of deposit	<u>2,522</u>	<u>2,523</u>
Total Deposits	<u>\$83,229</u>	<u>\$77,765</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$21,160	\$24,444	\$3,284
Special Revenue	111,450	112,265	815
Debt Service	10,920	12,054	1,134
Fiduciary	<u>300</u>	<u>111</u>	<u>(189)</u>
Total	<u>\$143,830</u>	<u>\$148,874</u>	<u>\$5,044</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$30,639	\$24,071	\$6,568
Special Revenue	155,399	117,170	38,229
Debt Service	31,629	2,169	29,460
Fiduciary	<u>3,929</u>	<u>0</u>	<u>3,929</u>
Total	<u>\$221,596</u>	<u>\$143,410</u>	<u>\$78,186</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$25,366	\$23,807	(\$1,559)
Special Revenue	104,909	109,999	5,090
Debt Service	10,580	11,235	655
Fiduciary	300	132	(168)
Total	\$141,155	\$145,173	\$4,018

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$36,400	\$25,362	\$11,038
Special Revenue	135,094	98,809	36,285
Debt Service	22,199	2,145	20,054
Fiduciary	5,038	1,241	3,797
Total	\$198,731	\$127,557	\$71,174

4. DEBT

Debt outstanding at December 31, 1999 was as follows:

General Obligation Notes	
Principal	\$3,237
Interest Rate	8%

The general obligation notes were issued in 1992 for the storage building addition. Amortization of the notes, including interest, is scheduled as follows:

Year ending <u>December 31</u>	
2000	\$1,815
2001	<u>1,815</u>
	<u>\$3,630</u>

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. PROPERTY TAX (Continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

6. RETIREMENT SYSTEMS

The Township's elected officials and part-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the comprehensive property and general liability risks.

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool), a local government risk pool. The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Real and Personal Property

The Township also provides life insurance to the Township officials through Lonestar Life Insurance Company.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Brushcreek Township
Highland County
P.O. Box 1
Sinking Spring, Ohio 45172

To the Board of Trustees:

We have audited the accompanying financial statements of Brushcreek Township, Highland County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 27, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 27, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 27, 2000.

Brushcreek Township
Highland County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

March 27, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

BRUSHCREEK TOWNSHIP

HIGHLAND 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
MAY 2, 2000**