



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BRUSH CREEK TOWNSHIP
SCIOTO COUNTY**

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

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REPORT OF INDEPENDENT ACCOUNTANTS

Brush Creek Township
Scioto County
6620 State Route 348
P. O. Box 28
Otway, Ohio 45657

To the Board of Trustees:

We have audited the accompanying financial statements of Brush Creek Township, Scioto County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000. 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 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. 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 Brush Creek Township, Scioto County, as of December 31, 2001 and 2000, 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 August 28, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees 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". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

August 28, 2002

**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, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$12,571	\$22,994	\$35,565
Intergovernmental	44,461	62,562	107,023
Earnings on Investments	360	540	900
Other Revenue	937	1,787	2,724
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	58,329	87,883	146,212
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	27,189		27,189
Public Safety		12,350	12,350
Public Works		54,992	54,992
Health	4,408	6,237	10,645
Debt Service:			
Redemption of Principal		3,726	3,726
Interest and Fiscal Charges		511	511
Capital Outlay	28,802		28,802
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	60,399	77,816	138,215
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(2,070)	10,067	7,997
	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):			
Other Sources	737	120	857
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	737	120	857
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,333)	10,187	8,854
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	54,284	49,963	104,247
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$52,951</u>	<u>\$60,150</u>	<u>\$113,101</u>

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, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$13,618	\$25,025	\$38,643
Intergovernmental	45,192	62,555	107,747
Earnings on Investments	388	657	1,045
Other Revenue	8	1,193	1,201
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	59,206	89,430	148,636
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	26,380		26,380
Public Safety		15,315	15,315
Public Works		46,925	46,925
Health	3,946	2,108	6,054
Debt Service:			
Redemption of Principal		3,498	3,498
Interest and Fiscal Charges		739	739
Capital Outlay	20,000	11,075	31,075
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	50,326	79,660	129,986
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	8,880	9,770	18,650
	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	2,052		2,052
Other Sources	1,209		1,209
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	3,261	0	3,261
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	12,141	9,770	21,911
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	42,143	40,193	82,336
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$54,284	\$49,963	\$104,247
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**BRUSH CREEK TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Brush Creek Township, Scioto County (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 road and bridge maintenance, cemetery maintenance, fire protection and ambulance services. The Township contracts with the Village of Otway to provide fire services and Scioto Ambulatory District to provide ambulance services.

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 and Investments

The cash balance of the Township was maintained through Fifth Third bank.

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 Fund:

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

**BRUSH CREEK TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

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

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>2001</u>	<u>2000</u>
Demand deposits	<u>\$113,101</u>	<u>\$104,247</u>
Total deposits	<u><u>\$113,101</u></u>	<u><u>\$104,247</u></u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**BRUSH CREEK TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$17,489	\$59,066	\$41,577
Special Revenue	86,817	88,003	1,186
Total	<u>\$104,306</u>	<u>\$147,069</u>	<u>\$42,763</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgeted Appropriations	Actual Disbursements	Variance
General	\$71,592	\$60,399	\$11,193
Special Revenue	142,239	77,816	64,423
Total	<u>\$213,831</u>	<u>\$138,215</u>	<u>\$75,616</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$58,979	\$62,467	\$3,488
Special Revenue	84,694	89,430	4,736
Total	<u>\$143,673</u>	<u>\$151,897</u>	<u>\$8,224</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgeted Appropriations	Actual Disbursements	Variance
General	\$61,443	\$50,326	\$11,117
Special Revenue	124,887	79,660	45,227
Total	<u>\$186,330</u>	<u>\$129,986</u>	<u>\$56,344</u>

Ohio Rev. Code Section 5705.41(D) states that no order or contract involving the expenditure of money is to be made unless there is a certificate of the fiscal officer that the amount has been appropriated. The Township made purchase commitments prior to obtaining the Clerk's certification. Also, contrary to Ohio law, As of December 31, 2001 the total appropriations exceeded estimated revenue in the following funds:

- General Fund in the amount of \$16,775
- Motor Vehicle License Fund in the amount of \$8,153
- Gasoline Tax Fund in the amount of \$7,408
- Cemetery Fund in the amount of \$48

**BRUSH CREEK TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. 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.

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.

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Truck Loan	\$6,046	6%
Total	\$6,046	

The truck loan was issued to finance the purchase of a truck to be used for Township road maintenance. The truck loan is collateralized by the truck.

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

	Truck Loan
Year ending December 31:	
2002	\$4,237
2003	2,119
Total	\$6,356

**BRUSH CREEK TOWNSHIP
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RETIREMENT SYSTEM

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

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

Brush Creek Township
Scioto County
6620 State Route 348
P. O. Box 28
Otway, Ohio 45657

To the Board of Trustees:

We have audited the accompanying financial statements of Brush Creek Township, Scioto County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 28, 2002. 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 *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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-40773-001 through 2001-40773-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 28, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 August 28, 2002.

Brush Creek Township
Scioto County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of 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". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

August 28, 2002

**BRUSH CREEK TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-40773-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(D) states that no subdivision or taxing unit shall make any contact or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

1. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of subdivision or taxing district.

2. If the amount involved is less than one thousand dollars, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval for expenditures by the taxing authority.

Thirty percent of the expenditure transactions exceeding \$1,000 tested for 2000 and 2001 were not certified by the Clerk prior to the obligation. There was no documentation that a "Then and Now" Certificate was used and subsequently approved by the Board of Trustees within the aforementioned 30-day time period.

We recommend the Clerk certify funds are in the treasury or in the process of collection prior to any contract or expenditure of monies being made.

FINDING NUMBER 2001-40773-002

Noncompliance Citation

Ohio Rev. Code § 5705.39 states that total appropriations from each fund should not exceed the total estimated resources.

As of December 31, 2001 the total appropriations exceeded estimated resources in the following funds:

- General Fund in the amount of \$16,775
- Motor Vehicle License Fund in the amount of \$8,153
- Gasoline Tax Fund in the amount of \$7,408
- Cemetery Fund in the amount of \$48

In addition, the Township did not receive the certificate from the County Auditor that total appropriations from each fund do not exceed the total official estimated or amended official estimate.

**BRUSH CREEK TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2001-40773-002
(Continued)**

Noncompliance Citation - Ohio Rev. Code § 5705.39 (Continued)

We recommend the Township obtain a copy of the certificate that total appropriations from each fund does not exceed the total official estimated resources from the County Auditor prior to any expenditure being made.

FINDING NUMBER 2001-40773-003

Finding For Recovery – Repaid Under Audit

Ohio Rev. Code Section §507.09(A) states that in a Township having a budget of more than one hundred thousand dollars but not more than two hundred and fifty thousand dollars, the compensation is to be seven thousand dollars for the Clerk as amended to become effective May 8, 1996.

The Township Clerk is serving a term from April 1, 2000 to March 31, 2004. The Clerk’s previous term of office was April 1, 1996 through March 31, 2000. The statutory annual salary was \$7,000 for the Township Clerk for January 1, 2000 through March 31, 2000 based on the certificate of estimated resources. The statutory annual salary was \$8,169 for the Township Clerk for April 1, 2000 through December 31, 2000 based on the certificate of estimated resources. For the period of January through December 2000, the Clerk was paid \$8,160.06 when the Clerk should have been paid \$7,876.75. This resulted in an overpayment for 2000 in the amount of \$283.31.

Salary Allowed for period 1/1/00 – 3/31/00	\$1,750.00
Budget: \$226,010	
Salary Allowed for period 4/1/00 – 12/31/00	<u>\$6,126.75</u>
Budget: \$226,010	
Total Allowed Salary	\$7,876.75
Amount Paid	<u>\$8,160.06</u>
Overpayment	<u>\$ 283.31</u>

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for money illegally expended is hereby issued against Anita Powell, Township Clerk, and the Personal Service Bonding Company, her bonding company, jointly and severally, in the amount of two hundred eighty-three dollars and thirty-one cents (\$283.31), in favor of the Brush Creek Township General Fund. Anita Powell repaid the \$283.31 back to the Township on September 20, 2002, on check number 3401.

**BRUSH CREEK TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-40773-001	ORC 5705.39 – appropriations exceeded estimated resources	No	Included in Scheduled of Findings as Finding Number 2001-40773-002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43216-1140
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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
NOVEMBER 7, 2002**