

Brush Creek Township

Scioto County, Ohio

Regular Audit

For the Years Ended December 31, 2005 and 2004

**BALESTRA, HARR & SCHERER, CPAs, INC.**

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

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**Auditor of State  
Betty Montgomery**

Board of Trustees  
Brush Creek Township  
6620 State Route 348  
P. O. Box 28  
Otway, Ohio 45657

We have reviewed the *Independent Auditors' Report* of Brush Creek Township, Scioto County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2004 through December 31, 2005. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

October 9, 2006

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**BRUSH CREEK TOWNSHIP  
SCIOTO COUNTY**

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Ohio Society of Certified Public Accountants

## Independent Auditors' Report

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

We have audited the accompanying financial statements of Brush Creek Township, Scioto County, (the Township) as of and for the years ended December 31, 2005 and 2004. 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 reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the government has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

The Township did not make adjustments to its accounting system for posting errors from the prior audit, which would have increased the Special Revenue Fund types January 1, 2004 cash balance by \$5,235 and decreased the General Fund January 1, 2004 cash balance by \$5,235.

Revisions to GAAP require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the funds accompanying financial statements presented for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts are materially misstated under accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township's combined funds as of December 31, 2005 and 2004, or their changes in financial position for the years then ended.

Also, in our opinion, except for the matter discussed in the third preceding paragraph, 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, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion & Analysis for the year ended December 31, 2005 and 2004. The Township has not presented Management's Discussion & Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2006, 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 testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.

June 29, 2006

**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, 2005**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts:</b>			
Local Taxes	\$ 19,537	\$ 36,119	\$ 55,656
Intergovernmental	9,342	89,159	98,501
Earnings on Investments	236	354	590
Miscellaneous	2,005	2,524	4,529
	<u>31,120</u>	<u>128,156</u>	<u>159,276</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	25,953	-	25,953
Public Safety	-	29,450	29,450
Public Works	-	80,355	80,355
Health	7,270	-	7,270
Human Services	-	1,402	1,402
Capital Outlay	-	24,859	24,859
	<u>33,223</u>	<u>136,066</u>	<u>169,289</u>
Total Cash Disbursements			-
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(2,103)</u>	<u>(7,910)</u>	<u>(10,013)</u>
Fund Cash Balances, January 1	<u>16,341</u>	<u>80,815</u>	<u>97,156</u>
<b>Fund Cash Balances, December 31</b>	<b>\$ 14,238</b>	<b>\$ 72,905</b>	<b>\$ 87,143</b>

*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, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 17,248	\$ 29,051	\$ 46,299
Intergovernmental	8,502	86,128	94,630
Earnings on Investments	121	181	302
Miscellaneous	6,228	4,812	11,040
	<u>32,099</u>	<u>120,172</u>	<u>152,271</u>
<b>Total Cash Receipts</b>			
	<u>32,099</u>	<u>120,172</u>	<u>152,271</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	29,637	0	29,637
Public Safety	0	23,562	23,562
Public Works	0	65,354	65,354
Health	6,519	504	7,023
Capital Outlay	750	35,586	36,336
	<u>36,906</u>	<u>125,006</u>	<u>161,912</u>
<b>Total Cash Disbursements</b>			
	<u>36,906</u>	<u>125,006</u>	<u>161,912</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(4,807)</u>	<u>(4,834)</u>	<u>(9,641)</u>
<b>Fund Cash Balances, January 1</b>	<u>21,148</u>	<u>85,649</u>	<u>106,797</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$16,341</u></u>	<u><u>\$80,815</u></u>	<u><u>\$97,156</u></u>

*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, 2005 AND 2004**

**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 Scioto Ambulatory District is defined as a jointly governed organization and is described in Note 5.

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. 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, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. 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 cancelled, and reappropriated in the subsequent year.

A summary of 2005 and 2004 budgetary activity appears in Note 6.

**E. 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.

**F. Cash and Investments**

The Township had one primary checking account during our audit period.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2005</u>	<u>2004</u>
Demand deposits	\$87,143	\$97,156

**Deposits:** Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**BRUSH CREEK TOWNSHIP  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**3. RETIREMENT SYSTEMS**

The Township's elected officials and 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 2005 and 2004, members of PERS members 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 employer contributions required through December 31, 2005.

**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.

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.

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

**5. JOINTLY GOVERNED ORGANIZATIONS**

The Township is a member of the Scioto Ambulatory District. The Ambulatory District is directed by an appointed five-member Board. The Ambulatory 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 District is appointed to the Scioto Ambulatory District Board. The Ambulatory District is supported by taxes that are collected by the Scioto County Auditor from 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  
DECEMBER 31, 2005 AND 2004**

**6. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$25,060	\$31,120	\$6,060
Special Revenue	135,660	128,154	(7,506)
Total	\$160,721	\$159,274	(\$1,446)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$41,401	\$33,223	\$8,178
Special Revenue	216,508	136,065	80,443
Total	\$257,909	\$169,288	\$88,621

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$20,918	\$32,099	\$11,181
Special Revenue	96,072	120,172	24,100
Total	\$116,990	\$152,271	\$35,281

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$42,067	\$36,906	\$5,161
Special Revenue	181,720	125,006	56,714
Total	\$223,787	\$161,912	\$61,875

Contrary to Ohio law, appropriations exceeded available resources (unencumbered beginning fund balance plus actual receipts) in the Motor vehicle License tax Fund by \$3,062 and the Gasoline Tax Fund by \$7,174 for 2005. Also, contrary to Ohio law, the Township Clerk does not certify the availability of funds prior to their obligation for expenditure.

**BRUSH CREEK TOWNSHIP  
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**7. RISK MANAGEMENT**

**Risk Pool Membership**

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays for losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do 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, 2004 and 2003 (the latest information available).

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained earnings	\$17,046,241	\$16,000,923

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	(753,906)	(750,956)
Retained earnings	\$7,045,167	\$6,040,104

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## **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***

Board of Trustees  
Brush Creek Township  
Scioto County, Ohio  
PO Box 12  
Otway, Ohio 45657

We have audited the financial statements of Brush Creek Township, Scioto County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 29, 2006. 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts 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. However, we noted a matter involving the internal control over financial reporting that we consider to be a material weakness, which is reported in the accompanying Schedule of Findings as item 2005-003.

### **Compliance and Other Matters**

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 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 instances of noncompliance that are required to be reported under *Governmental Auditing Standards* which are described in the accompanying Schedule of Findings as items 2005-001 and 2005-002.

We also noted matters that we reported to management of the Township in a separate letter dated June 29, 2006.

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



Balestra, Harr & Scherer, CPAs, Inc.  
June 29, 2006

**BRUSH CREEK TOWNSHIP  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2005-001**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.41(D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation 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. This certificate need be signed only by the fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the ~~Board of Trustees~~ may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
  
- B. If the amount involved is less than \$3,000, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board, if such expenditure is otherwise valid.

Then and Now Certificates were completed for all disbursements. However they were not approved by the Board of Township Trustees by resolution. As a result, several of the disbursements tested were not properly certified. Not certifying funds prior to a purchase commitment may cause the Township to obligate money it does not have.

No orders involving the expenditure of money should be made unless the clerk has issued a purchase order or blanket certificate to certify that the amount required has been lawfully appropriated and is in the treasury or in the process of collection. Then and Now Certificates should be used as the exception rather than the rule. Furthermore, the Trustees should approve all Then and Now certificates greater than \$3000, by resolution.

**BRUSH CREEK TOWNSHIP  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2005-002**

**Noncompliance Citation**

Ohio Revised Code § 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

Ohio Revised Code Section 5705.36 (A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

For 2005, actual receipts were less than estimated receipts in the Motor Vehicle License Tax and Gasoline Tax Funds and the Township did not obtain a reduced amended certificate, even though the appropriations were in excess of the resources available.

The Township Clerk should monitor estimated versus actual revenues throughout the year and amend the estimated resources as necessary.

**FINDING NUMBER 2005-003**

**Material Weakness**

Rule 117-2-02(A) of the Ohio Administrative Code (OAC), directs all public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, and prepare financial statements required by rule 117-2-03 of the OAC. Rule 117-2-02(C) allows the records to be maintained manually or in a computerized format and requires the following: (1) Cash journal with the amount, date, receipt number, check number, account code, and any other information necessary to properly classify the transaction; (2) Receipts ledger to assemble and classify receipts into separate accounts for each type of receipt of each fund consisting of the amount, date, name of the payor, purpose, receipt number, and any other information necessary to record the transaction on this ledger and; (3) Appropriation ledger to assemble and classify disbursements into separate accounts for each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information necessary to record the transaction on the ledger.

The cash journal maintained by the Township Clerk contained the name, amount, receipt number and check number for the entries. Entries were listed by month, but no individual dates were used. The receipts ledger contained the name of the payor, amount, month, and receipt number. Individual dates were not used. The receipts ledger did not reconcile to the cash journal. The appropriation ledger contained the name, amount, fund, month, and check number for the transactions. Individual dates were not used. The appropriation ledger did not reconcile to the cash journal. The ledger did not record encumbrances or unencumbered balances to assist in the monitoring of budgetary activity. The manner in which these ledgers were maintained did not allow the Clerk to accurately report the financial transactions of the General Fund for the year ended December 31, 2005 in the financial statements prepared for the Board of Trustees and filed with the Auditor of State.

The Clerk should review the provisions of OAC Rule 117-2-02 and maintain the necessary financial records in the manner prescribed therein.

**BRUSH CREEK TOWNSHIP  
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR END 2005 AND 2004**

**Schedule of Prior Audit Findings  
December 31, 2005 and 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-001	Ohio Rev. Code Section 5705.41(D) - failure to certify funds	No	Reissued as item 2005-001
2003-002	Ohio Rev. Code Section 5705.41(B) - failure to appropriate expenditures	Yes	
2003-003	Ohio Rev. Code Section 505.24(C) - finding for adjustment	No	Partially corrected. Officials salaries for 2005 and 2004 were paid in accordance with the resolution adopted by the Board of Trustees. The finding for adjustment was not repaid due to lack of monies in the General Fund.
2003-004	Ohio Rev. Code Section 507.04(A)- failure to keep accurate records	No	Reissued as item 2005-003

**BRUSH CREEK TOWNSHIP  
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN  
FISCAL YEAR END 2005 AND 2004**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person(s)
2005-001	The Clerk will review the requirements for certification of funds and inform the Trustees that the Township will begin utilizing purchase orders.	August 1, 2006	Township Clerk
2005-002	The Clerk will monitor actual receipts compared to estimates and secure amended certificates when necessary.	August 1, 2006	Township Clerk
2005-003	The Clerk will contact Local government Services for assistance and training to maintain accounting records more accurately.	August 1, 2006	Township Clerk



**Auditor of State  
Betty Montgomery**

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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  
OCTOBER 19, 2006**