



Dave Yost • Auditor of State



**BRUSH CREEK TOWNSHIP  
JEFFERSON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Brush Creek Township  
Jefferson County  
1138 Township Road 296  
Hammondsville, Ohio 43930

To the Board of Trustees:

### ***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 the Brush Creek Township, Jefferson County, Ohio (the Township) as of and for the years ended December 31, 2017 and 2016.

### ***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 such 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 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, 2017 and 2016, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Brush Creek Township, Jefferson County as of December 31, 2017 and 2016, 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 September 26, 2018, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 26, 2018

**Brush Creek Township**  
*Jefferson County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2017*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$22,605	\$76,313	\$98,918
Licenses, Permits and Fees	35		35
Intergovernmental	26,871	113,751	140,622
<i>Total Cash Receipts</i>	<u>49,511</u>	<u>190,064</u>	<u>239,575</u>
<b>Cash Disbursements</b>			
Current:			
General Government	29,750	297	30,047
Public Safety		710	710
Public Works	1,460	113,867	115,327
Health	4,952		4,952
Human Services	688	6,249	6,937
Conservation-Recreation	3,895		3,895
Capital Outlay		16,839	16,839
Debt Service:			
Principal Retirement		5,000	5,000
Interest and Fiscal Charges		434	434
<i>Total Cash Disbursements</i>	<u>40,745</u>	<u>143,396</u>	<u>184,141</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>8,766</u>	<u>46,668</u>	<u>55,434</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Financing Sources	27	2,300	2,327
<i>Total Other Financing Receipts (Disbursements)</i>	<u>27</u>	<u>2,300</u>	<u>2,327</u>
<i>Net Change in Fund Cash Balances</i>	8,793	48,968	57,761
<i>Fund Cash Balances, January 1</i>	<u>16,582</u>	<u>39,492</u>	<u>56,074</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	88,460	88,460
Assigned	2,781	0	2,781
Unassigned (Deficit)	22,594	0	22,594
<i>Fund Cash Balances, December 31</i>	<u>\$25,375</u>	<u>\$88,460</u>	<u>\$113,835</u>

*See accompanying notes to the basic financial statements*

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**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Brush Creek, Jefferson 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, recreation, cemetery maintenance and general government services. The Township contracts with Bergholz Volunteer Fire Department, Village of Irondale Fire Department and Salineville Fire Department for fire protection services.

The Township participates in the Ohio Plan Risk Management, Inc (OPRM) a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. The organization is:

Public Entity Risk Pool:

The Ohio Plan Risk Management, Inc. (OPRM) provides property and casualty coverage for its members.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State 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.

**C. Deposits and Investments**

The Township's accounting basis does not have any investments. This basis does not record disbursements for investment purchases or receipts for investment sales.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

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

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

**Public Works Commission Project Fund** - The Township received a grant from the state for capital improvements.

**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 appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2017 budgetary activity appears in Note 3.

**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

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

**F. Fund Balance**

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

**1. Non-spendable**

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**2. 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

**3. 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.

**4. 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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. 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.

**G. 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.

**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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

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

	2017
Demand deposits	\$113,835
Total deposits	\$113,835

**Deposits:** Deposits insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2017 follows:

**2017 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$21,943	\$49,538	\$27,595
Special Revenue	133,131	192,364	59,233
<b>Total</b>	<b>\$155,074</b>	<b>\$241,902</b>	<b>\$86,828</b>

**2017 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,436	\$40,745	\$5,691
Special Revenue	167,511	143,396	24,115
<b>Total</b>	<b>\$213,947</b>	<b>\$184,141</b>	<b>\$29,806</b>

**4. PROPERTY TAX**

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.

**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

**4. PROPERTY TAX (Continued)**

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.

**5. DEBT**

The Township entered into a loan agreement to finance the repair of the road grader for Township road maintenance in 2015.

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Consumers National Bank Loan	\$10,389	2.9%
Total	\$10,389	

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

Year ending December 31:	
2018	5,434
2019	5,434
Total	10,868

**6. RETIREMENT SYSTEMS**

The Township's full-time Elected Officials and other employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members, all employees, contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**7. POST-EMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care of members in the Traditional Pension Plan and Combined plan was 2.0 percent during calendar year 2016 and 1.0 percent during calendar year 2017.

**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)**

**8. RISK MANAGEMENT**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

*Plan members are responsible* to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

	<u>2017</u>
Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Brush Creek Township**  
*Jefferson County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2016*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$10,474	\$31,122		\$41,596
Licenses, Permits and Fees	14			14
Intergovernmental	24,489	92,730	\$70,285	187,504
Miscellaneous	50	9,681		9,731
<i>Total Cash Receipts</i>	<u>35,027</u>	<u>133,533</u>	<u>70,285</u>	<u>238,845</u>
<b>Cash Disbursements</b>				
Current:				
General Government	30,283	1,498		31,781
Public Safety		5,557		5,557
Public Works	1,440	94,183		95,623
Human Services	3,262			3,262
Human Services	810	6,269		7,079
Conservation-Recreation	2,072			2,072
Capital Outlay		50,660	70,285	120,945
Debt Service:				
Principal Retirement		4,838		4,838
Interest and Fiscal Charges		4,378		4,378
<i>Total Cash Disbursements</i>	<u>37,867</u>	<u>167,383</u>	<u>70,285</u>	<u>275,535</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,840)</u>	<u>(33,850)</u>	<u>0</u>	<u>(36,690)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Financing Sources	98	814		912
<i>Total Other Financing Receipts (Disbursements)</i>	<u>98</u>	<u>814</u>	<u>0</u>	<u>912</u>
<i>Net Change in Fund Cash Balances</i>	(2,742)	(33,036)	0	(35,778)
<i>Fund Cash Balances, January 1</i>	<u>19,324</u>	<u>72,528</u>	<u>0</u>	<u>91,852</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	39,492	0	39,492
Assigned	16,582	0	0	16,582
<i>Fund Cash Balances, December 31</i>	<u>\$16,582</u>	<u>\$39,492</u>	<u>\$0</u>	<u>\$56,074</u>

*See accompanying notes to the basic financial statements*

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**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Brush Creek, Jefferson 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, recreation, cemetery maintenance and general government services. The Township contracts with Bergholz Volunteer Fire Department, Village of Irondale Fire Department and Salineville Fire Department for fire protection services.

The Township participates in the Ohio Plan Risk Management, Inc (OPRM) a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. The organization is:

Public Entity Risk Pool:

The Ohio Plan Risk Management, Inc. (OPRM) provides property and casualty coverage for its members.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State 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.

**C. Deposits and Investments**

The Township's accounting basis does not have any investments. This basis does not record disbursements for investment purchases or receipts for investment sales.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

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

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

**Public Works Commission Project Fund** - The Township received a grant from the state for capital improvements.

**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 appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2016 budgetary activity appears in Note 3.

**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

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

**F. Fund Balance**

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

**1. Non-spendable**

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**2. 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

**3. 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.

**4. 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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. 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.

**G. 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.

**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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

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

	<u>2016</u>
Demand deposits	<u>\$56,074</u>
Total deposits	<u><u>\$56,074</u></u>

**Deposits:** Deposits insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2016 follows:

**2016 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,509	\$35,125	(\$2,616)
Special Revenue	154,110	134,347	19,763
Capital Projects	70,285	70,285	0
Total	\$256,904	\$239,757	\$17,147

**2016 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$49,200	\$37,867	\$11,333
Special Revenue	200,394	167,383	33,011
Capital Projects	70,285	70,285	0
Total	\$319,879	\$275,535	\$44,344

**4. PROPERTY TAX**

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.

**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**4. PROPERTY TAX (Continued)**

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.

**5. DEBT**

The Township entered into a loan agreement to finance the repair of the road grader for Township road maintenance in 2015.

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Consumers National Bank Loan	\$15,389	2.9%
Total	\$15,389	

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

Year ending December 31:	
2017	5,434
2018	5,434
2019	5,434
Total	16,302

**6. RETIREMENT SYSTEMS**

The Township's full-time Elected Officials and other employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members, all employees, contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**7. POST-EMPLOYMENT BENEFITS**

OPERS offers cost-sharing, multiple-employer defined benefit plans, which include multiple health are plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care of members in the Traditional Pension Plan and Combined plan was 2.0 percent during calendar year 2016 and 1.0 percent during calendar year 2017.

**BRUSH CREEK OF TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**8. RISK MANAGEMENT**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Brush Creek Township  
Jefferson County  
1138 Township Road 296  
Hammondsville, Ohio 43930

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Brush Creek Township, Jefferson County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated September 26, 2018 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***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-003 and 2017-004 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2017-001 and 2017-002.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 26, 2018



**BRUSH CREEK TOWNSHIP  
JEFFERSON COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2017-001**

**Noncompliance Citation – Township Debt**

**Ohio Rev. Code Chapter 133** allows various methods for subdivisions to incur debt.

**Ohio Rev. Code § 133.22** allows a subdivision to issue anticipatory securities;

**Ohio Rev. Code § 133.10** allows anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision;

**Ohio Rev. Code § 133.15** allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct; and

**Ohio Rev. Code § 133.18** allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision question of issuing any general obligation bonds, for one purpose, that the subdivision has the power or authority to issue.

On March 18, 2015, the Township signed a promissory note with Consumers National Bank in the amount of \$20,000 to be used for the repair of the 1990 Champion Road Grader. Due to the fact this debt is a promissory note between a banking institution and the Township, the note does not meet the requirements set forth in Ohio Revised Code Chapter 133. As of December 31, 2017 and 2016, the balance of the note was \$10,389 and \$15,389, respectively. Failure to issue debt in accordance with Ohio Revised Code Chapter 133 could result in adjustments to the financial statements should debt proceeds and subsequent payments be recorded in the improper fund.

The Township did not have procedures in place to ensure authorized debt instruments were utilized.

The Township should issue debt in accordance with Ohio Revised Code Chapter 133.

**FINDING NUMBER 2017-002**

**Noncompliance Citation – Appropriations Exceed Estimated Resources**

**Ohio Revised Code § 5705.39** prohibits a political subdivision from making a fund appropriation in excess of the total estimated revenue available for expenditure from that fund as certified by the budget commission on the Amended Official Certificates of Estimated Resources. At December 31, 2017, appropriations exceeded estimated resources in the following funds:

**2017:**

<b>Fund</b>	<b>Appropriations</b>	<b>Total Estimated Resources</b>	<b>Variance</b>	<b>Percentage of Variance</b>
General	\$46,436	\$38,320	\$ 8,117	17%
Road and Bridge Special Revenue	55,213	36,904	18,309	33

**FINDING NUMBER 2017-002**  
 (Continued)

The Township does not have a policy in place to monitor this budgetary measure. By appropriating more monies than available, the Township risks overspending within the respective fund and possible negative fund balances.

The Board of Trustees and Fiscal Officer should monitor appropriations versus estimated resources to help ensure appropriations are within estimated resources to help ensure overspending does not occur. In addition, the Fiscal Officer should obtain the necessary Amended Official Certificate of Estimated Resources from the County Auditor, which should be certified by the budget commission, each time appropriations and estimated resources are amended.

**FINDING NUMBER 2017-003**

**Material Weakness – Accurate Posting of Transactions**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Fiscal Officer did not abide by the adopted chart of account in coding and classifying various transactions in 2017 and 2016. This resulted in adjustments and reclassifications to the financial statements. The Township Fiscal Officer and management have agreed to and posted the adjustments to the Township's accounting records. The corrected amounts are reflected in the accompanying financial statements.

2017 Reclassification:

<b>Fund</b>	<b>Reclassified From:</b>	<b>Amount</b>	<b>Reclassified to:</b>
General	Unassigned Fund Balance	\$2,781	Assigned Fund Balance

2016 Reclassifications:

<b>Fund</b>	<b>Reclassified From:</b>	<b>Amount</b>	<b>Reclassified to:</b>
General	Unassigned Fund Balance	\$16,582	Assigned Fund Balance
General	Other Financing Sources	2,000	Intergovernmental Revenue
Gasoline Tax	Other Financing Sources	9,681	Miscellaneous Revenue
Road and Bridge Special Revenue	Public Works Expense	15,173	Capital Outlay Expense
Capital Project	Public Works Expense	70,285	Capital Outlay Expense

**FINDING NUMBER 2017-003**  
(Continued)

Other mispostings were identified, however were not material and the Township decided not to make the adjustments.

Adjustments to the Financial Statement Notes which were reflected:

- The 2017 Notes had the following errors:
  - The total demand deposits within the Equity in Pooled Deposits and Investments Note did not agree to the ending fund balance within the financial statements;
  - The Budgetary Activity Note did not include the proper comparison tables and figures;
  - The Debt Note did not report an accurate ending balance and the amortization table was not updated to reflect the remaining payments. In addition, a description of the debt was not included;
  - The Risk Management Note did not reflect the most current information; and
  - The Post Employment Benefits Note was omitted.
  
- The 2016 Notes had the following errors:
  - The Summary of Significant Accounting Policies Note did not include the capital projects fund information and description;
  - The total demand deposits within the Equity in Pooled Deposits and Investments Note did not agree to the ending fund balance within the financial statements and figures;
  - The Budgetary Activity Note did not include the proper comparison tables;
  - The Debt Note did not report an accurate ending balance and the amortization table was not updated to reflect the remaining payments. In addition, a description of the debt was not included;
  - The Risk Management Note did not reflect the most current information; and
  - The Post Employment Benefits Note was omitted.

The Township did not have procedures in place to record transactions properly.

Failure to consistently follow a uniform chart of accounts increases the possibility the Township will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

The Fiscal Officer should maintain the accounting system to enable the Township to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Township is accurately recorded and reported. In addition, the Township should review the financial statements and notes prior to report submission.

**FINDING NUMBER 2017-004**

**Material Weakness – Budgetary Measures**

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow Township Trustees to make informed decisions regarding budgetary matters.

Authorized budgetary measures were not accurately posted to the accounting ledgers in 2017.

The following variances were identified:

Fund	Appropriations Posted to System	Appropriations Approved by Trustees	Variance
Permissive Motor Vehicle Special Revenue Fund	\$5,000	\$3,360	\$1,640

Fund	Final Budget Posted to System	Amount Per the Certificate of Estimated Resources	Variance
General	\$44,827	\$21,943	\$22,884
Special Revenue Funds:			
Motor Vehicle License	15,701	15,000	701
Gasoline Tax	79,653	77,500	2,153
Road and Bridge	44,862	25,672	19,190
Fire	27,503	11,909	15,594

The Township had no procedures in place to ensure only authorized appropriations were posted to the ledgers. When authorized budgetary measures are not accurately posted to the ledgers, the budget versus actual information generated by the Township’s accounting system is not an accurate reflection of the intentions of the Trustees.

To effectively control the budgetary cycle and to help maintain accountability over Township disbursements and receipts, the Fiscal Officer should post to the ledgers, on a timely basis, appropriation amounts as passed by the Board of Trustees and estimated resources as certified by the Budget Commission. The Board should also monitor budget versus actual reports to help ensure supplemental and amended appropriations and amended certificates of resources have been properly posted.

**Officials’ Response:** We did not receive a response from Officials to these findings.

**Brush Creek Township Board of Trustees**  
**Jefferson County, Ohio**

Matthew Rose, Chairman/Trustee  
Christopher Rawlings, Vice Chairman/Trustee  
Joseph Cronin, Trustee

Brenda J. Chronister, Fiscal Officer  
1138 Township Road 296  
Hammondsville, Oh 43930  
Telephone: 330-679-2216  
grammybez@hughes.net

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**DECEMBER 31, 2017 AND 2016**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2015-001	Noncompliance Citation – Township Debt --Ohio Rev. Code Chapter 133	partially completed	The trustees will secure a loan according to the Ohio Revised Code when there is a need.
2015-002	Noncompliance Citation – Appropriations Versus Estimated Resources	Partially completed	The Fiscal Officer is sending a new certificate of estimated resources every time there is a need to amend it.
2015-003	Noncompliance Citation – Expenditures Exceed Appropriations	CORRECTED	The Fiscal Officer and Trustees met the criteria.
2015-004	Noncompliance Citation – Related Party Transaction	CORRECTED	The Fiscal Officer and Trustees met the criteria
2015-005	Material Weakness – Reconciliation Process	Partially completed	A post office box is used only by the trustees and fiscal officer. The fiscal officer is making improvements in this area.
2013-002	Material Weakness – Accurate Posting of Transactions	Repeated	The Fiscal Officer is improving in this area.
2015-007	Material Weakness – Disbursement Transactions	CORRECTED	The Fiscal Officer and Trustees met the criteria
2015-008	Significant Deficiency- Timely Remittances	Partially completed	The Fiscal Officer is improving in this area.
2015-009	Significant Deficiency – Lack of Oversight Over Financial Transactions	CORRECTED	The Fiscal Officer and Trustees met the criteria

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# Dave Yost • Auditor of State

**BRUSH CREEK TOWNSHIP**

**JEFFERSON 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 8, 2018**