



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**BRUSH CREEK TOWNSHIP  
JEFFERSON COUNTY**

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Brush Creek Township  
Jefferson County  
3729 Township Highway 62  
Hammondsville, Ohio 43930

To the Board of Trustees:

We have audited the accompanying financial statements of Brush Creek Township, Jefferson County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000, as listed in the table of contents. 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 and reserves for encumbrances of Brush Creek Township, Jefferson 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 April 26, 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 the audit committee, management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Jim Petro**  
Auditor of State

April 26, 2002

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**BRUSH CREEK TOWNSHIP  
JEFFERSON 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$4,426	\$17,414		\$21,840
Intergovernmental	29,047	77,741	\$61,228	168,016
Earnings on Investments	422	376		798
Other Revenue	1,291	484		1,775
Total Cash Receipts	<u>35,186</u>	<u>96,015</u>	<u>61,228</u>	<u>192,429</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	28,237	263		28,500
Public Works	603	85,789		86,392
Health	965			965
Miscellaneous	853	1,187		2,040
Debt Service:				
Redemption of Principal	5,351			5,351
Interest and Fiscal Charges	1,235			1,235
Capital Outlay			56,934	56,934
Total Cash Disbursements	<u>37,244</u>	<u>87,239</u>	<u>56,934</u>	<u>181,417</u>
Total Receipts Over/(Under) Disbursements	<u>(2,058)</u>	<u>8,776</u>	<u>4,294</u>	<u>11,012</u>
Fund Cash Balances, January 1	<u>33,398</u>	<u>22,652</u>	<u>7,110</u>	<u>63,160</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$31,340</u></b>	<b><u>\$31,428</u></b>	<b><u>\$11,404</u></b>	<b><u>\$74,172</u></b>
Reserve for Encumbrances, December 31		<u>\$4,484</u>		<u>\$4,484</u>

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

**BRUSH CREEK TOWNSHIP  
JEFFERSON 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$4,890	\$15,414		\$20,304
Intergovernmental	51,119	68,597	\$7,110	126,826
Earnings on Investments	449	324		773
Other Revenue	260			260
				<hr/>
Total Cash Receipts	56,718	84,335	7,110	148,163
				<hr/>
<b>Cash Disbursements:</b>				
Current:				
General Government	38,176			38,176
Public Safety		4,633		4,633
Public Works	630	70,853		71,483
Health	962			962
Miscellaneous		300		300
Debt Service:				
Redemption of Principal	5,351			5,351
Interest and Fiscal Charges	1,554			1,554
				<hr/>
Total Cash Disbursements	46,673	75,786		122,459
				<hr/>
Total Receipts Over/(Under) Disbursements	10,045	8,549	7,110	25,704
				<hr/>
Fund Cash Balances, January 1	23,353	14,103		37,456
				<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$33,398</u></b>	<b><u>\$22,652</u></b>	<b><u>\$7,110</u></b>	<b><u>\$63,160</u></b>

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



**BRUSH CREEK TOWNSHIP  
JEFFERSON 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, Jefferson 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 general governmental services, public safety, public works, health and capital outlay within the Township. The Township contracts with the Villages of Irondale, Salineville, and Bergholz for fire 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. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

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

**BRUSH CREEK TOWNSHIP  
JEFFERSON COUNTY**

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

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

**3. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

*Issue II Fund* - The Township received a grant from the State of Ohio to repair a slip on Township Road 299.

**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 and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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

**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. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**BRUSH CREEK TOWNSHIP  
JEFFERSON COUNTY**

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

**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>\$74,172</u>	<u>\$63,160</u>

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

**3. BUDGETARY ACTIVITY**

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

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,629	\$35,186	\$2,557
Special Revenue	103,461	96,015	(7,446)
Capital Projects	61,228	61,228	0
Total	\$197,318	\$192,429	(\$4,889)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$66,027	\$37,244	\$28,783
Special Revenue	126,113	91,723	34,390
Capital Projects	56,934	56,934	0
Total	\$249,074	\$185,901	\$63,173

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,614	\$56,718	\$2,104
Special Revenue	93,474	84,335	(9,139)
Capital Projects	7,110	7,110	0
Total	\$155,198	\$148,163	(\$7,035)

**BRUSH CREEK TOWNSHIP  
JEFFERSON COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$55,929	\$46,673	\$9,256
Special Revenue	107,577	75,786	31,791
Capital Projects	0	0	0
Total	\$163,506	\$122,459	\$41,047

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

**5. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Note	\$16,053	5.95%
Total	\$16,053	

The general obligation note was issued to finance the purchase of a new dump truck for Township road maintenance. The loan date was October 14, 1999 in the original amount of \$26,755. The maturity date is August 12, 2004. The truck is used as collateral for the loan.

**BRUSH CREEK TOWNSHIP  
JEFFERSON COUNTY**

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

**5. DEBT (Continued)**

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

<u>Year ending December 31:</u>	<u>General Obligation Notes</u>
2002	\$6,265
2003	5,943
2004	<u>5,621</u>
Total	<u><u>\$17,829</u></u>

**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 post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 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, 2001. The Township has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

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

Brush Creek Township  
Jefferson County  
3729 Township Highway 62  
Hammondsville, Ohio 43930

To the Board of Trustees:

We have audited the financial statements of Brush Creek Township, Jefferson County, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 26, 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 Brush Creek 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Brush Creek 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 Brush Creek Township in a separate letter dated April 26, 2002.

This report is intended 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

April 26, 2002



BRUSH CREEK TOWNSHIP  
JEFFERSON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR ENDED DECEMBER 31, 2001 AND 2000

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
1999-41241-001	ORC 5705.41(B)	Yes	





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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  
JUNE 11, 2002**