



**Auditor of State
Betty Montgomery**

**BRUSH CREEK TOWNSHIP
JEFFERSON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Township 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, 2003 and 2002. 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 described Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Brush Creek Township, Jefferson County, Ohio, as of December 31, 2003 and 2002, 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 July 14, 2004 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, Board of Trustees and other officials authorized to receive this report under Section 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 that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

July 14, 2004

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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, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$5,138	\$18,043		\$23,181
Intergovernmental	29,758	72,089	\$29,282	131,129
Earnings on Investments	58	43		101
Other Revenue	1,216		62	1,278
	<u>36,170</u>	<u>90,175</u>	<u>29,344</u>	<u>155,689</u>
Total Cash Receipts				
	<u>36,170</u>	<u>90,175</u>	<u>29,344</u>	<u>155,689</u>
Cash Disbursements:				
Current:				
General Government	27,887	411		28,298
Public Safety		9,967		9,967
Public Works	662	88,076		88,738
Health	1,060			1,060
Debt Service:				
Redemption of Principal	7,318		16,385	23,703
Interest and Fiscal Charges	646		63	709
Capital Outlay			22,743	22,743
	<u>37,573</u>	<u>98,454</u>	<u>39,191</u>	<u>175,218</u>
Total Cash Disbursements				
	<u>37,573</u>	<u>98,454</u>	<u>39,191</u>	<u>175,218</u>
Total Receipts Over/(Under) Disbursements	<u>(1,403)</u>	<u>(8,279)</u>	<u>(9,847)</u>	<u>(19,529)</u>
Other Financing Receipts and (Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes			3,500	3,500
			<u>3,500</u>	<u>3,500</u>
Total Other Financing Receipts/(Disbursements)				
			<u>3,500</u>	<u>3,500</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(1,403)</u>	<u>(8,279)</u>	<u>(6,347)</u>	<u>(16,029)</u>
Fund Cash Balances, January 1	<u>27,483</u>	<u>32,106</u>	<u>10,208</u>	<u>69,797</u>
Fund Cash Balances, December 31	<u>\$26,080</u>	<u>\$23,827</u>	<u>\$3,861</u>	<u>\$53,768</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, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$5,828	\$20,136		\$25,964
Intergovernmental	27,710	70,898	\$49,053	147,661
Earnings on Investments	119	93		212
Other Revenue	5,674		4,000	9,674
	<u>39,331</u>	<u>91,127</u>	<u>53,053</u>	<u>183,511</u>
Total Cash Receipts				
	<u>39,331</u>	<u>91,127</u>	<u>53,053</u>	<u>183,511</u>
Cash Disbursements:				
Current:				
General Government	31,906	4,858		36,764
Public Works	737	85,591		86,328
Health	1,101			1,101
Debt Service:				
Redemption of Principal	8,527			8,527
Interest and Fiscal Charges	917			917
Capital Outlay			72,277	72,277
	<u>43,188</u>	<u>90,449</u>	<u>72,277</u>	<u>205,914</u>
Total Cash Disbursements				
	<u>43,188</u>	<u>90,449</u>	<u>72,277</u>	<u>205,914</u>
Total Receipts Over/(Under) Disbursements	<u>(3,857)</u>	<u>678</u>	<u>(19,224)</u>	<u>(22,403)</u>
Other Financing Receipts and (Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes			18,028	18,028
			<u>18,028</u>	<u>18,028</u>
Total Other Financing Receipts/(Disbursements)				
			<u>18,028</u>	<u>18,028</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(3,857)</u>	<u>678</u>	<u>(1,196)</u>	<u>(4,375)</u>
Fund Cash Balances, January 1	<u>31,340</u>	<u>31,428</u>	<u>11,404</u>	<u>74,172</u>
Fund Cash Balances, December 31	<u><u>\$27,483</u></u>	<u><u>\$32,106</u></u>	<u><u>\$10,208</u></u>	<u><u>\$69,797</u></u>

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, 2003 AND 2002**

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 road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the Volunteer Fire Departments of Irondale, Salineville, and Bergholz to provide fire protection and emergency medical 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 Fund:

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

3. Capital Project 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:

**BRUSH CREEK TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature Works Grant Fund - The Township received a grant from the Ohio Department of Natural Resources to construct a senior citizens center.

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 2003 and 2002 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.

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 and investments at December 31 was as follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	<u>\$53,768</u>	<u>\$69,797</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation

**BRUSH CREEK TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,955	\$36,170	(\$1,785)
Special Revenue	95,130	90,175	(4,955)
Capital Projects	15,000	32,844	17,844
Total	\$148,085	\$159,189	\$11,104

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$65,438	\$37,573	\$27,865
Special Revenue	127,236	98,454	28,782
Capital Projects	15,000	39,191	(24,191)
Total	\$207,674	\$175,218	\$32,456

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$36,945	\$39,331	\$2,386
Special Revenue	94,499	91,127	(3,372)
Capital Projects	48,543	71,081	22,538
Total	\$179,987	\$201,539	\$21,552

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$68,285	\$43,188	\$25,097
Special Revenue	125,927	90,449	35,478
Capital Projects	15,404	72,277	(56,873)
Total	\$209,616	\$205,914	\$3,702

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Project Funds in the years ended December 31, 2003 and 2002.

**BRUSH CREEK TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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, 2003 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$5,351	5.95%

The general obligation note was issued to finance the purchase of a new dump truck to be used for Township road maintenance. The note is collateralized solely by the Township's taxing authority.

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

	General Obligation Notes
Year ending December 31: 2004	\$5,621

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003. The Township has paid all contributions required through December 31, 2003.

**BRUSH CREEK TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT 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 Township Trustees:

We have audited the financial statement of the Brush Creek Township, Jefferson County, Ohio, (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 14, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 14, 2004.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 14, 2004

**BRUSH CREEK TOWNSHIP
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

Ohio Revised Code § 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

The following fund had expenditures which exceeded appropriations in 2003:

Fund	Budgetary Expenditures	Appropriations Authority	Variance
Nature Work Grant Fund	\$39,191	\$15,000	(\$24,191)

The following funds had expenditures which exceeded appropriations in 2002:

Fund	Budgetary Expenditures	Appropriations Authority	Variance
Nature Work Grant Fund	\$27,734	\$15,404	(\$12,330)
Issue II	\$44,543	0	(\$44,543)

The Township Clerk should monitor expenditures by comparing the expenditures to appropriations and should approach the Board of Trustees to request amendments to the original appropriations as necessary to guard against overspending.



**Auditor of State
Betty Montgomery**

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800-282-0370
Facsimile 614-466-4490

**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 16, 2004**