





**BRUSHCREEK TOWNSHIP  
HIGHLAND COUNTY  
DECEMBER 31, 2023 AND 2022**

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# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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## REPORT ON THE FINANCIAL STATEMENTS, INTERNAL CONTROL, AND COMPLIANCE

Brushcreek Township  
Highland County  
7 North Chestnut Street  
Sinking Spring, Ohio 45172

To the Board of Trustees:

We have selectively tested certain accounts, financial records, reports and other documentation of the Brushcreek Township, Highland County, (the Township), as of and for the years ended December 31, 2023 and 2022. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

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

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2023-004 and 2023-013 through 2023-017 in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

### ***Compliance and Other Matters***

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Township, noncompliance with which could affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could affect the determination of financial statement amounts that we reported in the Schedule of Findings as item 2023-001 through 2023-003 and 2023-005 through 2023-014.

KEITH FABER  
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

August 28, 2025

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**BRUSHCREEK TOWNSHIP  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property Taxes	40,277	49,503	89,780
Intergovernmental	23,337	205,526	228,863
Fines, Licenses and Permits	38	0	38
Earnings on Investments	37	580	617
Miscellaneous	1,349	69,706	71,055
	<u>65,038</u>	<u>325,315</u>	<u>390,353</u>
<i>Total Cash Receipts</i>			
<b>Cash Disbursements</b>			
Current:			
General Government	2,646	0	2,646
Public Safety	1,384	0	1,384
Public Works	0	0	0
Health	0	0	0
Other	58,197	0	58,197
Unclassified	0	298,338	298,338
Debt Service:			
Principal Retirement	3,421	3,448	6,869
Interest and Fiscal Charges	579	583	1,162
	<u>66,227</u>	<u>302,369</u>	<u>368,596</u>
<i>Total Cash Disbursements</i>			
<i>Net Change in Fund Cash Balances</i>	(1,189)	22,946	21,757
<i>Fund Cash Balances, January</i>	<u>23,883</u>	<u>229,972</u>	<u>253,855</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$22,694</u></u>	<u><u>\$252,918</u></u>	<u><u>\$275,612</u></u>

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

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**Brushcreek Township**  
*Highland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Brushcreek Township, Highland County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road maintenance, cemetery maintenance, and fire protection services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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:

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

**Brushcreek Township**  
*Highland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***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. Appropriations lapse at year end.

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

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2023 budgetary activity appears in Note 4.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***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:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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.

***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.

**Brushcreek Township**  
*Highland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Compliance**

Contrary to Ohio law, the Township did not approve appropriations or a Certificate of Estimated Resources for the fiscal year. Also contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the amount of \$66,227, \$750, \$152,858, \$430, \$56,212, \$53,324, \$15, \$38,780 in the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, Cemetery, Fire Levy, Permissive Motor Vehicle License Tax, and State Local Fiscal Recovery Fund funds, respectively.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2023 is as follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$65,038	\$65,038
Special Revenue	0	325,315	325,315
Total	\$0	\$390,353	\$390,353
2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$66,227	(\$66,227)
Special Revenue	0	302,369	(302,369)
Total	\$0	\$368,596	(\$368,596)

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

**Brushcreek Township**  
*Highland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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	<u>2023</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$231,365
Certificates of deposit	44,247
Total deposits	<u>275,612</u>
<i>Total carrying amount of deposits held in the Pool</i>	<u>\$275,612</u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Township is holding \$0 in unremitted employee payroll withholdings.

***Deposits***

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

**Note 6 – Property Taxes**

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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.

**Note 7 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability

**Brushcreek Township**  
*Highland County*  
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*For the Year Ended December 31, 2023*

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- Cyber
- Law enforcement liability
- Automotive liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2023</u>
Cash and investments	\$33,494,457
Actuarial liabilities	\$10,885,549

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Township elected officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

**Note 9 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment 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 for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2023. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 20223.

**Note 10 – Debt**

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Tractor Note	\$14,889	5.25%

In November 2018, the Township purchase a John Deere Tractor and attachments. A portion of that purchase was financed with a note through Merchants National Bank. The total note issuance was \$47,203.

**Brushcreek Township**  
*Highland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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This note is payable in annual installments over a seven-year period at a fixed rate of interest. Amortization of the above debt, including interest, is scheduled as follows:

***Amortization***

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

<u>Year Ending December 31:</u>	<u>Tractor Note</u>
2024	\$8,031
2025	8,031
Total	<u>\$16,062</u>

**Note 11 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were zero.

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**BRUSHCREEK TOWNSHIP  
HIGHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property Taxes	43,141	92,381	135,522
Intergovernmental	24,244	317,217	341,461
Earnings on Investments	39	116	155
Miscellaneous	0	1,233	1,233
<i>Total Cash Receipts</i>	<u>67,424</u>	<u>410,947</u>	<u>478,371</u>
<b>Cash Disbursements</b>			
Current:			
General Government	4,001	0	4,001
Public Safety	0	0	0
Public Works	1,324	0	1,324
Health	0	0	0
Other	63,618	0	63,618
Unclassified	0	344,571	344,571
Debt Service:			
Principal Retirement	3,251	3,277	6,528
Interest and Fiscal Charges	749	756	1,505
<i>Total Cash Disbursements</i>	<u>72,943</u>	<u>348,604</u>	<u>421,547</u>
<i>Net Change in Fund Cash Balances</i>	(5,519)	62,343	56,824
<i>Fund Cash Balances, January</i>	<u>29,402</u>	<u>167,629</u>	<u>197,031</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$23,883</u></u>	<u><u>\$229,972</u></u>	<u><u>\$253,855</u></u>

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

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**Brushcreek Township**  
*Highland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Brushcreek Township, Highland County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, road maintenance, cemetery maintenance, and fire protection services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Township participates in a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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:

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Fire Levy Fund*** The fire levy fund receives property tax money from the levy for providing fire protection services to Township residents.

***State Local and Fiscal Recovery Fund*** The State local and fiscal recovery fund accounts for and reports the proceeds from the Coronavirus Relief funding.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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

**Brushcreek Township**  
*Highland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

***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. Appropriations lapse at year end.

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

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio Law.

A summary of 2022 budgetary activity appears in Note 4.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***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:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

**Brushcreek Township**  
*Highland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**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.

**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.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Compliance**

Contrary to Ohio law, the Township did not approve appropriations or a Certificate of Estimated Resources for the fiscal year ended December 31, 2022. Also contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the amount of \$72,943, \$14,000, \$113,725, \$9,550, \$33,565, \$85,621, \$10,015, \$82,128 in the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, Cemetery, Fire Levy, Permissive Motor Vehicle License Tax, and State Local and Fiscal Recovery Fund funds, respectively.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 21, 2022 is as follows:

Fund Type	2022 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$67,424	\$67,424
Special Revenue	0	410,947	410,947
Total	\$0	\$478,371	\$478,371

**Brushcreek Township**  
*Highland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$72,943	(\$72,943)
Special Revenue	0	348,604	(348,604)
Total	\$0	\$421,547	(\$421,547)

**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2022
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$250,077
Certificates of deposit	3,778
Total deposits	253,855
<i>Total carrying amount of deposits held in Pool</i>	<u>253,855</u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding \$0 in unremitted employee payroll withholdings.

***Deposits***

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

**Note 6 – Property Taxes**

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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.

**Brushcreek Township**  
*Highland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 7 – Risk Management**

***Workers Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automotive liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Township elected officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

**Note 9 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment 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 for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of

**Brushcreek Township**  
*Highland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

**Note 10 – Debt**

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Tractor Note	\$21,758	5.25%

In November 2018, the Township purchase a John Deere Tractor and attachments. A portion of that purchase was financed with a note through Merchants National Bank. The total note issuance was \$47,203. This note is payable in annual installments over a seven-year period at a fixed rate of interest. Amortization of the above debt, including interest, is scheduled as follows:

***Amortization***

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

<u>Year Ending December 31:</u>	<u>Tractor Note</u>
2023	\$8,032
2024	8,031
2025	8,031
Total	<u><u>\$24,094</u></u>

**Note 11 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were zero.

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**BRUSHCREEK TOWNSHIP  
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022**

**FINDING NUMBER 2023-001**

**Noncompliance**

**Ohio Rev. Code § 5705.38(A)** requires that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure. If the taxing authority desires to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1st.

The Township did not pass an appropriation measure for 2023 or 2022 due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Failure to adopt appropriations could result in overspending and negative cash fund balances.

The Township should pass an appropriation measure on or about the first day of each fiscal year. If the Township adopts a temporary measure, they must adopt a permanent measure no later than April 1. In addition, approved appropriation measures should be filed with the County Auditor.

**Officials' Response:**

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

**FINDING NUMBER 2023-002**

**Noncompliance**

**Ohio Rev. Code § 5705.36(A)(1)** provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

The budget commission, taking into consideration the balances and revenues to be derived from taxation and other sources, shall revise its estimate of the amounts that will be credited to each fund from such sources, and shall certify to the taxing authority of each subdivision an amended official certificate of estimated resources.

The Fiscal Officer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission in 2023 or 2022. This was not detected by the Township due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Failure to obtain the required amended certificate of estimated resources can lead to improper budgeting and limits the effectiveness of management monitoring.

The Fiscal Officer should, on or about the first day of each fiscal year, certify to the county auditor the total amount from all sources available for expenditures from each fund and obtain the approved amended certificate of estimated resources.

**Officials' Response:**

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

### **FINDING NUMBER 2023-003**

#### **Noncompliance**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Township's General Fund had expenditures in excess of appropriations of \$66,227 and \$72,943, as of December 31, 2023 and 2022, respectively. Additionally, the Township's Special Revenue Fund had expenditures in excess of appropriations of \$302,369 and \$348,604, as of December 31, 2023 and 2022, respectively.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Board of Trustees should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

#### **Officials' Response:**

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

### **FINDING NUMBER 2023-004**

#### **Internal Control Deficiency**

There are several exceptions to the standard requirement that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates.

Due to deficiencies in internal controls, the Township only used "then and now" certificates during 2023 and 2022. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances

Prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

#### **Officials' Response:**

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

#### **FINDING NUMBER 2023-005**

##### **Noncompliance**

**Ohio Rev. Code § 5705.10(I)** requires that money paid into any fund shall be used only for the purposes for which such fund is established.

Therefore, a negative fund cash balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

The Road and Bridge Fund had a deficit fund balance of \$9,600 at December 31, 2023 due to a lack of adequate policies and procedures regarding financial information monitoring. Negative fund balances could result in the use of restricted receipts for unallowable purposes. A procedure and control, such as the Board of Trustee's periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance.

Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The Township should refer to Ohio Compliance Supplement (OCS) Chapter 1 for information regarding the accounting treatment and approval process for advances.

##### **Officials' Response:**

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

#### **FINDING NUMBER 2023-006**

##### **Noncompliance**

**Ohio Rev. Code § 117.38** states, in part, that each public office, other than a state agency, shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. The report shall be certified by the proper officer or board and filed with the auditor of state within 60 days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within 150 days after the close of the fiscal year. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension.

The Township's December 31, 2023 annual financial report due by February 29, 2024 was not filed with the Auditor of State until May 9, 2025 due to deficiencies financial statement monitoring and review process.

The Township's December 31, 2022 annual financial report due by March 1, 2023 was not filed with the Auditor of State until May 5, 2025 due to deficiencies financial statement monitoring and review process.

Failure to file a complete report by the established deadline, without an extension, could result in the assessment of penalties against the Township.

The Township should implement procedures to verify its annual financial report is filed with the Auditor of State by the required deadline. If the Township is unable to meet the deadline, the Township should file an extension request through the Auditor of State.

##### **Officials' Response:**

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

#### **FINDING NUMBER 2023-007**

##### **Noncompliance**

**Ohio Rev. Code § 135.22(B)** states that to enhance the background and working knowledge of treasurers in investments, cash management, ethics, and in any other subject area that the treasurer of state determines is reasonably related to the duties of a treasurer, the treasurer of state shall provide annual continuing education programs for treasurers. A treasurer annually shall complete the continuing education programs described, unless the treasurer annually provides a notice of exemption.

The Fiscal Officer did not attend the required annual continuing education programs or provide a notice of exemption described in division (E) of this section.

In order to maintain and/or enhance the working knowledge and prevent future occurrences of noncompliance, the Fiscal Officer shall attend the annual training or complete an annual exemption and submit to the Auditor of State's office

##### **Officials' Response:**

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

#### **FINDING NUMBER 2023-008**

##### **Noncompliance**

**Ohio Rev. Code § 121.22(G)** states that the members of a public body may hold an executive session only after a majority of a quorum of the public body determines, by a roll call vote, to hold such a session and only at a regular or special meeting for the sole purpose of the consideration of any of the following matters.

1. The appointment, employment, dismissal, discipline, promotion, demotion, or compensation of a public employee or officials, or the investigation of charges or complaints against a public employee, official, licensee, or regulated individual, unless the public employee, official licensee, or regulated individual requests a public hearing;
2. The purchase of property for public purposes, or for the sale of property at competitive bidding, if premature disclosure of information would give an unfair competitive or bargaining advantage to a person whose personal private interest is adverse to the general public interest.
3. Conducting conferences with an attorney for the public body, concerning disputes involving the public body that are the subject of pending or imminent court action.
4. Preparing for, conducting, or reviewing negotiations or bargaining sessions with public employees concerning their compensation or other terms and conditions of their employment.
5. Matters required to be kept confidential by federal laws or rules or state statutes.
6. Specialized details of security arrangements and emergency response protocols where disclosure of the matters discussed could reasonably be expected to jeopardize the security of the public body or public office.

The records of minutes for July 20, 2023 indicate the Board went into executive session without an explanation due to a lack of controls and oversight by management.

Failure to properly document executive sessions could result in noncompliance with Ohio Public Records Laws.

**FINDING NUMBER 2023-008**  
**(Continued)**

The Board should document the purpose of all executive sessions in the record of minutes and document when Board goes back into regular session.

**Officials' Response:**

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

**FINDING NUMBER 2023-009**

**Noncompliance**

**Ohio Rev. Code § 507.09(A)( 2)** provides that in a township having a budget of more than \$250,000.01 but not more than \$500,000, the compensation of the Township Fiscal Officer shall be \$16,719 per year for fiscal year 2022.

The Township mistakenly used the incorrect amount when calculating the Fiscal Officer's salary. Consequently, the Fiscal Officer received compensation in the amount of \$15,048 during fiscal year 2022, resulting in an underpayment of \$1,671.

The Township Fiscal Officer should determine the Township Fiscal Officer compensation by comparing the township budget to the guidance from the Ohio Revised Code to help ensure the correct salary is being paid to Township officials. Failure to do so could cause an underpayment or over payment in paid salaries.

**Officials' Response:**

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

**FINDING NUMBER 2023-010**

**Noncompliance**

**Ohio Rev. Code 505.24(A)( 2)** provided that in a township having a budget of more than \$250,000.01 but not more than \$500,000, the compensation of the Township Trustees shall be \$53.19 for 200 days for fiscal year 2022.

The Township mistakenly used the incorrect amount when calculating the Trustee's salaries. Consequently, each Trustee received compensation in the amount of \$10,032 during fiscal year 2022, resulting in an underpayment for each Trustee of \$606, totaling \$1,818.

The Township Fiscal Officer should determine the Township Trustee compensation by comparing the township budget to the guidance from the Ohio Revised Code to help ensure the correct salary is being paid to Township officials. Failure to do so could cause an underpayment or over payment in paid salaries.

**Officials' Response:**

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

## FINDING NUMBER 2023-011

### Noncompliance

**Ohio Rev. Code § 145.47(A)** states each public employee who is a contributor to the public employees retirement system shall contribute eight per cent of the contributor's earnable salary to the employees' savings fund, except that the public employees retirement board may raise the contribution rate to a rate not greater than ten per cent of the employee's earnable salary.

**Ohio Rev. Code § 145.47(B)** requires the fiscal officer of each local authority to transmit to the system for each contributor subsequent to the date of coverage an amount equal to the applicable per cent of each contributor's earnable salary at such intervals and in such form as the system shall require. The fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all the contributions and earnable salary of each contributor employed, together with warrants, checks, or electronic payments covering the total of such deductions. A penalty shall be added when such report, together with warrants, checks, or electronic payments to cover the total amount due from the earnable salary of all amenable employees of such employer, is filed thirty or more days after the last day of such reporting period. The system, after making a record of all receipts under this division, shall deposit the receipts with the treasurer of state for use as provided by this chapter.

**Ohio Rev. Code § 145.48(A)** states each employer shall pay to the public employees retirement system an amount that shall be a certain per cent of the earnable salary of all contributors to be known as the "employer contribution," except that the public employees retirement board may raise the employer contribution to a rate not to exceed fourteen per cent of the earnable salaries of all contributors.

**Ohio Rev. Code § 145.51(A)** states each employer shall pay into the employers' accumulation fund, in monthly installments, an amount certified by the public employees retirement board, which equals the employer obligation as described in section 145.12 or 145.69 of the Revised Code. In addition, the board shall add to the employer billing next succeeding the amount, with interest, to be paid by the employer to provide the member with contributing service credit for the service prior to the date of initial contribution to the system for which the member has made additional payments, except payments made pursuant to former section 145.29 or sections 145.28 and 145.292 of the Revised Code.

**Ohio Rev. Code § 145.51(B)** states except as provided in section 145.52 of the Revised Code, all employer obligations described in division (A) of this section must be received by the public employees retirement system not later than the thirtieth day after the last day of the calendar month for which related member contributions are withheld.

During 2023 and 2022, the Township did withhold and remit retirement contributions; however, the Township accrued late fee penalties and interest for not timely paying their OPERS withholdings in the amount of \$9 during fiscal year 2022 due to deficiencies financial statement monitoring and review process.

The Township should remit OPERS in a timely manner in order to avoid paying penalties on obligations.

### Officials' Response:

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

## FINDING NUMBER 2023-012

### Noncompliance

**26 U.S.C. § 3402(a)(1)** states in general, except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary.

**26 U.S.C. § 3403** states that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.

During 2023 and 2022, the Township did withhold and remit federal income taxes; however, the Township accrued late fee penalties and interest for not timely paying their federal income tax withholdings in the amounts of \$6 during fiscal year 2023 due to deficiencies financial statement monitoring and review process.

The Township should remit federal income taxes in a timely manner in order to avoid paying penalties on obligations.

### Officials' Response:

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

## FINDING NUMBER 2023-013

### Noncompliance and Internal Control Deficiency

**Ohio Admin. Code Section 117-2-01(D)(4)** states that when designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The size of the Township's staff did not allow for an adequate segregation of duties; the Township Fiscal Officer performed all accounting functions, including receipting, depositing, disbursing, and reconciling. It is therefore important that the Township Trustees monitor financial activity closely.

Due to a lack of adequate policies and procedures regarding financial information monitoring and segregation of duties, the Fiscal Officer did not provide the Trustees with financial reports to review. Bank reconciliations were not completed by the Fiscal Officer and reviewed and approved by Trustees. No evidence was provided that showed the Trustees reviewed supporting documentation and/or weekly check registers, budget to actual financial reports were not monitored by the Trustees.

The Fiscal Officer should maintain record of budget and actual information in a format easily reviewable by the Trustees. Further, the Township Trustees should implement policies regarding the review of detailed financial reports, supporting documentation and/or weekly check registers, budget versus actual information, and bank reconciliations on a monthly basis. This should be documented in the minute record and/or initialed and dated as reviewed. The Township Trustees should also make appropriate inquiries to help determine the continued integrity of financial information.

Appropriate inquiries would include:

- Are current receipts sufficient to cover expenditures?
- Are receipts and expenditures in line with prior years?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood?
- Are anticipated receipts being received in a timely manner?

**FINDING NUMBER 2023-013**  
**(Continued)**

The information obtained as a result of such reviews and inquiries will provide important data necessary to properly manage the Township.

**Officials' Response:**

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

**FINDING NUMBER 2023-014**

**Noncompliance and Internal Control Deficiency**

**Ohio Admin Code Section 117-2-02(A)** requires 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, document compliance with finance related legal and contractual requirements and prepare financial statements.

**Ohio Admin Code 117-2-02(C) provides that:**

1. All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.
2. Purchase orders should be used to approve purchase commitments and to encumber funds against the applicable appropriation account(s), as required by section 5705.41(D) of the Revised Code. Purchase orders are not effective unless the fiscal officer's certificate is attached. The certificate should be attached at the time a commitment to purchase goods or services is made.
3. Vouchers may be used as a written order authorizing the drawing of a check or electronic fund transfer payment in payment of a lawful obligation of the public office. Each voucher shall contain the date, purchase order number, the account code, amount, approval, and any other required information. The local office should also attach the supporting documentation to the voucher, such as vendor invoices.

**Ohio Admin Code Section 117-2-02(D)** provides that all local public offices may maintain accounting records in a manual or computerized format. Such records should include the following:

1. Cash journal, which typically contains the amount, date, receipt number, check or electronic fund transfer number, account code, purchase order number, and all other information necessary to properly classify the transaction.
2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of payor, purpose, receipt number, and other information required for such transactions can be recorded on this ledger.
3. Appropriation ledger, which assembles and classifies disbursements or expenditure/expense into separate accounts for at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check or electronic fund transfer number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations and any other information required may be entered in the appropriate columns.

**FINDING NUMBER 2023-014**  
**(Continued)**

4. In addition, all local public offices should maintain payroll records including a payroll journal that records, assembles and classifies by pay period the name of employee, the employee's identification number, hours worked, wage rates, pay date, withholdings by type, net pay, and other compensation paid to an employee, and the fund and account charged for the payments.

The following deficiencies existed in the accounting records due to a lack of controls and oversight by management:

- The Township did not maintain a receipt ledger or an appropriation ledger that classifies receipts and disbursements by accounts.
- The Township did not integrate the budgetary accounts into the financial accounting system.
- The Township did not maintain a payroll ledger.
- The Township did not carry the balance of the Bequest certificate of deposits on the cash journal.

Failure to properly maintain accounting records resulted in inaccurate amounts being reported by the Township on their annual financial report, as noted in finding 2021-007. Also, not having complete and accurate accounting records, including budgetary information, increases the risk of spending more than is available. Officials need to have complete and accurate accounting records in order to make informed management decisions.

The Township should establish and implement the appropriate controls and procedures to ensure that financial records are sufficiently maintained in order to properly present financial statements in the required format. Further, the Fiscal Officer should properly maintain the accounting records and reconcile the cash journal to the bank balances and to the receipt ledger and appropriation ledger monthly. Finally, controls procedures should be established and implemented for management review and oversight of financial records and activity.

Using these accounting records will provide the Township with information to monitor compliance with the budget and prepare annual reports in the format required by the Ohio Revised Code and Ohio Administrative Code.

**Officials' Response:**

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

**FINDING NUMBER 2023-015**

**Internal Control Deficiency**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

**FINDING NUMBER 2023-015**  
**(Continued)**

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board of Trustees (the Board) are responsible for reviewing the reconciliations and related support.

Due to a lack of internal controls over financial activity, monthly bank to book reconciliations were not properly prepared by the Fiscal Officer or reviewed by the Board each month of 2022 and 2023, resulting in a carrying variance of \$906 in both years. Failure to reconcile monthly increases the possibility that the Township will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Township Fiscal Officer should establish and implement control procedures to help ensure they record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

**Officials' Response:**

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

**FINDING NUMBER 2023-016**

**Internal Control Deficiency**

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.

Due to deficiencies in the Township's financial statement monitoring and review process, the Township made the following errors in 2023:

General

- Property and Other Local Taxes and Cash Fund Balance were overstated in the amount of \$12,801 due to receipts recorded in the Cemetery and Road and Bridge funds.
- Property and Other Local Taxes were overstated and General Government was understated in the amount of \$2,646 due to property tax receipts posted net of fees.
- Intergovernmental and Cash Fund Balance were understated in the amount of \$5,866 due to receipts recorded in the Cemetery and Road and Bridge funds.
- Other disbursements were understated in the amount of \$9,045, Principal Retirement was overstated in the amount of \$2,514, and Interest and Fiscal Charges was overstated in the amount of \$6,531 due to incorrect posting of debt payments.
- Other disbursements were overstated and Cash Fund Balance was understated in the amount of \$21,682 due to prior year audit adjustments included as disbursements.

**FINDING NUMBER 2023-016**  
**(Continued)**

- Budgeted receipts were overstated in the amount of \$69,000.
- Actual receipts were overstated in the amount of \$15,936.
- Appropriations were overstated in the amount of \$77,150.

Special Revenue

- Property and Other Local Taxes were overstated and Health disbursements were understated in the amount of \$1,198 in the Cemetery Fund due to property tax receipts posted net of fees.
- Property and Other Local Taxes were overstated and Public Works was understated in the amount of \$415 in the Road and Bridge Fund due to property tax receipts posted net of fees.
- Intergovernmental and Cash Fund Balance were understated in the amount of \$5,109 in the Cemetery Fund due to receipts recorded in the incorrect funds.
- Intergovernmental and Cash Fund Balance were understated in the amount of \$1,826 in the Road and Bridge Fund due to receipts recorded in the incorrect funds.
- Miscellaneous was overstated and Intergovernmental was understated in the amount of \$32,248 in the Fire Fund due to incorrect classification of receipts.
- Miscellaneous and Cash Fund Balance were overstated in the amount of \$868 in the Motor vehicle License Fund due to prior year audit adjustments recorded as receipts.
- Miscellaneous and Cash Fund Balance were overstated in the amount of \$38,460 in the Gas Tax Fund due to prior year audit adjustments recorded as receipts.
- Miscellaneous and Cash Fund Balance were overstated in the amount of \$8,365 in the Cemetery Fund due to prior year audit adjustments recorded as receipts.
- Miscellaneous and Cash Fund Balance were overstated in the amount of \$6,990 in the Fire Fund due to prior year audit adjustments recorded as receipts.
- Other disbursements were overstated and Cash Fund Balance was understated in the amount of \$798 in the Permissive Fund due to prior year audit adjustments recorded as disbursements.
- Other disbursements were overstated and Cash Fund Balance was understated in the amount of \$31,994 in the Road and Bridge Fund due to prior year audit adjustments recorded as disbursements.
- Earnings on Investments and Cash Fund Balance were understated in the amounts of \$90, \$116, and \$263 in the Certificate of Deposit Funds and Cemetery Funds, respectively due to unrecorded interest.
- Cash Fund Balance and Beginning Fund Balance were understated in the amount of \$2 in the Motor Vehicle Licenses Fund due to rounding errors.
- Additional errors ranging from \$37 to \$70,834 were found due to General Fund amounts were included in the Special Revenue Fund totals on the filed financial statements.

**FINDING NUMBER 2023-016**  
**(Continued)**

- Budgeted Receipts were overstated in the amount of \$254,000.
- Appropriations were overstated in the amount of \$343,300
- Actual Receipts were understated in the amount of \$107,317.
- Budgetary Expenditures were understated in the amount of \$85,263.

Due to deficiencies in the Township's financial statement monitoring and review process, the Township made the following errors in 2022:

General

- Property and Other Local Taxes and Cash Fund Balance were overstated in the amount of \$16,660 due to receipts recorded in the incorrect funds.
- Property and Other Local Taxes were overstated and General Government was overstated in the amount of \$4,001 due to property tax receipts posted net of fees.
- Miscellaneous was overstated and Intergovernmental was understated in the amount of \$18,601 due to incorrect classification of receipts.
- Intergovernmental and Cash Fund Balance were understated in the amount of \$5,510 due to receipts recorded in the incorrect funds.
- Other disbursements were understated in the amount of \$2,335, Principal Retirement was overstated in the amount of \$2,182, and Interest and Fiscal Charges was overstated in the amount of \$153 due to incorrect posting of debt payments.
- Other disbursements were understated and Cash Fund Balance was overstated in the amount of \$1,828 due to variances between the ledger and filed financial statements.
- General Government was understated and Cash Fund Balance was overstated in the amount of \$2 due to rounding errors.
- Budgeted Receipts were overstated in the amount of \$81,326.
- Appropriations were overstated in the amount of \$63,000.

Special Revenue

- Property and Other Local Taxes were overstated and Health disbursements were understated in the amount of \$1,591 in the Cemetery Fund due to property tax receipts posted net of fees.
- Property and Other Local Taxes were overstated and Public Safety was understated in the amount of \$1,542 in the Fire Fund due to property tax receipts posted net of fees.
- Property and Other Local Taxes were overstated and Public Works was understated in the amount of \$535 in the Road and Bridge Fund due to property tax receipts posted net of fees.
- Miscellaneous was overstated and Intergovernmental was understated in the amount of \$126,545 in the Gas Tax Fund due to incorrect classification of receipts.

**FINDING NUMBER 2023-016**  
**(Continued)**

- Intergovernmental was overstated and Miscellaneous was understated in the amount of \$900 in the Gas Tax Fund due to incorrect classification of receipts.
- Intergovernmental was overstated and Miscellaneous was understated in the amount of \$330 in the Cemetery Fund due to incorrect classification of receipts.
- Intergovernmental and Cash Fund Balance were understated in the amount of \$4,818 in the Cemetery Fund due to receipts recorded in the incorrect funds.
- Intergovernmental and Cash Fund Balance were understated in the amount of 4,635 in the Fire Fund due to receipts recorded in the incorrect funds.
- Intergovernmental and Cash Fund Balance were understated in the amount of \$1,698 in the Road and Bridge Fund due to receipts recorded in the incorrect funds.
- Additional errors ranging from \$3 to \$511 were found due to variances between the ledger and filed financial statements.
- Budgeted Receipts were overstated in the amount of \$311,903.
- Appropriations were overstated in the amount of \$259,000.

As approved by management, the Township corrected the financial statements and accounting records, where appropriate.

Failure to accurately post and report transactions could result in material errors in the Township's financial statements and reduces the Township's ability to monitor financial activity and to make sound decisions which affect the overall available cash positions of the Township.

The Township should establish and implement internal controls to ensure financial transactions are accurately recorded and reported and for the review and oversight of financial transactions and activity.

**Officials' Response:**

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

**FINDING NUMBER 2023-017**

**Internal Control Deficiency**

Maintaining organized documentation and support for financial transactions is essential in assuring the Township financial statements are not materially misstated.

Additionally, Ohio Admin. Code 117-2-02 states that all local public offices shall 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 liabilities, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Due to a lack of internal controls over financial activity and records, the Township did not maintain underlying documentation and support for one out of three of the Miscellaneous receipts tested for fiscal year 2022. Due to the lack of supporting information, we were unable to determine if correct rates were charged.

**FINDING NUMBER 2023-017**  
**(Continued)**

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and revenues incorrectly charged or held for long periods of time.

The Township should establish and implement control procedures to help ensure the maintenance of all supporting documentation for all financial transactions and records, they should be maintained in an orderly manner to support all transactions.

**Officials' Response:**

2020-2021 was the first audit for the fiscal officer and was not presented to her until November 2023. The Fiscal Officer is learning daily and correcting as they go along.

BRUSHCREEK TOWNSHIP  
HIGHLAND COUNTY  
PO Box 1  
Sinking Spring, OH 45172  
Trustees: David Chaney, Nick Greiner, Steven Elliott Jr  
Fiscal Officer: Angela Crum

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2023 AND 2022

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2021-001	Township Trustee compensation issues.	Partially Corrected	Reissued as finding 2023-010
2021-002	Failure to remit State payroll taxes in a timely manner.	Fully Corrected	
2021-003	Township Trustee compensation allocation issues.	Fully Corrected	
2021-004	Failure to notify depository of change in authorized signatories.	Fully Corrected	
2021-005	Failure to maintain required accounting records.	Not Corrected	Reissued as finding 2023-2014
2021-006	Failure to attend public records training.	Fully Corrected	
2021-007	Financial reporting errors.	Not Corrected	Reissued as finding 2023-016
2021-008	Failure to establish political activity policy.	Fully Corrected	
2021-009	Failure to follow competitive bidding procedures.	Fully Corrected	
2021-010	Expenditures exceeding appropriations.	Not Corrected	Reissued as finding 2023-003
2021-011	Failure to certify total amount from all sources available for expenditures or obtain a certificate of estimated resources.	Not Corrected	Reissued as finding 2023-002
2021-012	Failure to establish a credit card policy.	Fully Corrected	
2021-013	Failure to adopt an appropriation resolution.	Not Corrected	Reissued as finding 2023-001

2021-014	Failure to adopt a resolution for health care reimbursements.	Fully Corrected	
2021-015	Failure to deposit timely.	Fully Corrected	
2021-016	Cash Reconciliation errors.	Not Corrected	Reissued as finding 2023-015
2021-017	Failure to notify employees of fraud reporting system.	Fully Corrected	
2021-018	Failure to file annual financial information in a timely manner.	Not Corrected	Reissued as finding 2023-006
2021-019	Segregation of Duties / Management Oversight.	Not Corrected	Reissued as finding 2023-013
2021-020	Failure to attend annual continuing education programs.	Not Corrected	Reissued as finding 2023-007
2021-021	Overuse of Then and Now certificates.	Not Corrected	Reissued as finding 2023-004
2021-022	PERS and payroll tax remittances paid late.	Not Corrected	Reissued as finding 2023-011

# OHIO AUDITOR OF STATE KEITH FABER



**BRUSHCREEK TOWNSHIP**

**HIGHLAND COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 9/16/2025**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)