



***BRUSH CREEK TOWNSHIP, ADAMS COUNTY***

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**Regular Audit**

**For the Years Ended  
December 31, 2016 and 2015**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

Board of Trustees  
Brush Creek Township  
17433 State Route 125  
West Union, Ohio 45693

We have reviewed the *Independent Auditor's Report* of the Brush Creek Township, Adams County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Brush Creek Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 24, 2017

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**BRUSH CREEK TOWNSHIP, ADAMS COUNTY**  
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*For the Years Ended December 31, 2016 and 2015*

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## Independent Auditor's Report

Board of Trustees  
Brush Creek Township, Adams County  
17433 St. Rt. 125  
West Union, OH 45693

### *Report on the Financial Statements*

We have audited the accompanying financial statements and related notes of Brush Creek Township, Adams County, Ohio (the Township) as of and for the years ended December 31, 2016 and 2015.

### *Management's Responsibility for the Financial Statements*

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit; this responsibility includes designing, implementing, and maintaining internal control relevant to the preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statements misstatement, whether due to fraud or error. In assessing those risks, we consider internal controls relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2016 and 2015, or changes in financial position for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Brush Creek Township, Adams County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated June 15, 2017 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

June 15, 2017



**BRUSH CREEK TOWNSHIP, ADAMS COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2016**

	General	Special Revenue	Totals
<b><u>Cash Receipts:</u></b>			
Property and Other Local Taxes	\$10,200	\$8,738	\$18,938
Intergovernmental	29,616	96,645	126,261
Earnings on Investments	98	134	232
Other Revenue	8,080	1,005	9,085
Total Cash Receipts	<u>47,994</u>	<u>106,522</u>	<u>154,516</u>
<b><u>Cash Disbursements:</u></b>			
<i>Current:</i>			
General Government	25,361	0	25,361
Public Safety	2,513	0	2,513
Public Works	0	91,141	91,141
Health	5,700	8,166	13,866
<i>Debt Service:</i>			
Principal Retirement	1,019	1,018	2,037
Interest and Fiscal Charges	880	880	1,760
Total Cash Disbursements	<u>35,473</u>	<u>101,205</u>	<u>136,678</u>
Total Cash Receipts Over/(Under) Cash Disbursements	12,521	5,317	17,838
Fund Cash Balances, January 1	<u>49,190</u>	<u>86,090</u>	<u>135,280</u>
Restricted	0	91,407	91,407
Assigned	<u>61,711</u>	<u>0</u>	<u>61,711</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$61,711</u></u></b>	<b><u><u>\$91,407</u></u></b>	<b><u><u>\$153,118</u></u></b>

See accompanying notes to the financial statements.

**BRUSH CREEK TOWNSHIP, ADAMS COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2015**

	General	Special Revenue	Totals
<b><u>Cash Receipts:</u></b>			
Property and Other Local Taxes	\$10,362	\$8,988	\$19,350
Intergovernmental	26,586	97,185	123,771
Other Revenue	7,880	482	8,362
Total Cash Receipts	<u>44,828</u>	<u>106,655</u>	<u>151,483</u>
<b><u>Cash Disbursements:</u></b>			
<i>Current:</i>			
General Government	24,417	0	24,417
Public Safety	2,553	0	2,553
Public Works	0	100,707	100,707
Health	3,394	11,084	14,478
<i>Debt Service:</i>			
Principal Retirement	974	974	1,948
Interest and Fiscal Charges	925	924	1,849
Total Cash Disbursements	<u>32,263</u>	<u>113,689</u>	<u>145,952</u>
Total Cash Receipts Over/(Under) Cash Disbursements	12,565	(7,034)	5,531
Fund Cash Balances, January 1	<u>36,625</u>	<u>93,124</u>	<u>129,749</u>
Restricted	0	86,090	86,090
Assigned	49,190	0	49,190
<b><i>Fund Cash Balances, December 31</i></b>	<b><u><u>\$49,190</u></u></b>	<b><u><u>\$86,090</u></u></b>	<b><u><u>\$135,280</u></u></b>

See accompanying notes to the financial statements.

**BRUSH CREEK TOWNSHIP, ADAMS COUNTY**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 1 – Reporting Entity**

The Brush Creek Township, Adams County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Fiscal Officer. The Township provides general government services, maintenance of Township roads and bridges, maintenance of cemeteries, fire protection and emergency medical services. The Township contracts with the Village of West Union to provide fire protection services.

The Township participates in the Ohio Township Risk Management Authority (OTARMA) which is an insurance risk-sharing pool available to Ohio Townships. Note 7 provides additional information regarding 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 Accounting**

The Township's financial statements follow the basis of accounting permitted by the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code Section 117-2-03 (D), which is similar to the cash receipts and disbursements basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made 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 (D) permit.

**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:

**General Fund:** The General Fund is the general operating fund. It is used to account for all financial resources, except those required by law or contracted to be restricted.

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

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

*Gasoline Tax Fund* – This fund is comprised of taxes on the sale of gasoline which is distributed to the Township based upon road mileage determined by the state, and used for the repair and maintenance of Township roads.

**BRUSH CREEK TOWNSHIP, ADAMS COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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**Note 2 – Summary of Significant Accounting Policies** - (continued)

**Budgetary Process**

The Ohio Revised Code requires that each Township 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. The Adams County Budget Commission must also approve the annual appropriation measure. 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 Adams County Budget Commission must also certify estimated resources.

**Encumbrances:** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

A summary of 2016 and 2015 budgetary activity appears in Note 4.

**Fund Balances**

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.

**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*. Governmental funds other than the General Fund report all fund balances as assigned unless they are restricted or committed. In the General Fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**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.

**BRUSH CREEK TOWNSHIP, ADAMS COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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**Note 2 – Summary of Significant Accounting Policies** - (continued)

**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.

**Accumulated Leave**

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

**Note 3 – Cash and Investments**

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Township had no investments at year end. The carrying amount of cash at year end was as follows:

	December 31, 2016	December 31, 2015
Demand Deposits	\$153,118	\$135,280

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

**Note 4 – Budgetary Basis of Accounting**

The Township's budgetary activity for the years ending December 31, 2016 and December 31, 2015 was as follows:

2016 Budgeted vs. Actual Receipts			
	Receipts		
Fund Type	Budgeted	Actual	Variance
General	\$36,516	\$47,994	\$11,478
Special Revenue	105,433	106,522	1,089
<i>Total</i>	\$141,949	\$154,516	\$12,567

**BRUSH CREEK TOWNSHIP, ADAMS COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

**Note 4 – Budgetary Basis of Accounting** - (continued)

2016 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,705	\$35,473	\$50,232
Special Revenue	191,523	101,205	90,318
<i>Total</i>	\$277,228	\$136,678	\$140,550

2015 Budgeted vs. Actual Receipts			
Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$33,817	\$44,828	\$11,011
Special Revenue	104,509	106,655	2,146
<i>Total</i>	\$138,326	\$151,483	\$13,157

2015 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$70,442	\$32,263	\$38,179
Special Revenue	197,633	113,689	83,944
<i>Total</i>	\$268,075	\$145,952	\$122,123

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 proceeding 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 semi-annual payments, the first half is due December 31, and 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.

**BRUSH CREEK TOWNSHIP, ADAMS COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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**Note 6 – Debt**

Debt outstanding at December 31, 2016 was as follows:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Balance 12-31-15</u>	<u>Issued in 2016</u>	<u>Retired In 2016</u>	<u>Principal Balance 12-31-16</u>
<i>General Obligation Note</i> Commercial Building & Lot	2010	4.50%	\$40,033	\$0	\$2,037	\$37,996
Total			<u>\$40,033</u>	<u>\$0</u>	<u>\$2,037</u>	<u>\$37,996</u>

Debt outstanding at December 31, 2015 was as follows:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Balance 12-31-14</u>	<u>Issued in 2015</u>	<u>Retired In 2015</u>	<u>Principal Balance 12-31-15</u>
<i>General Obligation Note</i> Commercial Building & Lot	2010	4.50%	\$41,981	\$0	\$1,948	\$40,033
Total			<u>\$41,981</u>	<u>\$0</u>	<u>\$1,948</u>	<u>\$40,033</u>

In May 2010, the Township entered into a loan for a commercial building and lot in the amount of \$480,954. The Township is paying this loan half from the General Fund and half from Gasoline Tax Fund.

The general obligation notes are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

<u>Year Ended December 31:</u>	<u>Commercial Building and Lot</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$2,131	\$1,666	\$3,797
2018	2,229	1,568	3,797
2019	2,331	1,466	3,797
2020	2,438	1,359	3,797
2021	2,551	1,246	3,797
2022-2026	14,622	4,363	18,985
2027-2030	11,694	915	12,609
Total	<u>\$37,996</u>	<u>\$12,583</u>	<u>\$50,579</u>

**BRUSH CREEK TOWNSHIP, ADAMS COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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**Note 7 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP.) Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty Coverage**

OTARMA retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$13,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to the annual aggregate limit of \$10,000,000.

**Property Coverage**

The Travelers Indemnity Company reinsures specific losses exceeding \$500,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$150,000 up to \$500,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide property aggregate stop loss coverage to APEEP based upon the combined Members' Total Insurable Value (TIV). If the stop loss is reached by payment of OTARMA's retained losses, Travelers will then reinsure property specific losses in excess of the retention up to their \$600,000,000 per occurrence limit. Additionally, APEEP provides an additional aggregate for the \$50,000 excess \$100,000 layer, with the aggregate limit tied to TIV, for the insurance coverage's to OTARMA.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2015 and 2014(the latest information available):

<u>Combined Coverage</u>	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	(8,418,518)	(8,912,432)
Retained Earnings	<u>\$28,894,793</u>	<u>\$27,057,831</u>

The Pool's membership increased from 957 members in 2014 to 989 members in 2015.



**BRUSH CREEK TOWNSHIP, ADAMS COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

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**Note 7 – Risk Management** - (continued)

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool’s primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2015 the Pool retained \$350,000 for casualty claims and \$250,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

**Note 8 – Retirement Systems**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2016 and 2015, members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2016.

**Note 9 – Fund Cash Balances**

As of December 31, 2016, fund balances are composed of the following:

	General	Special Revenue	Total
<i>Restricted:</i>			
Cemetery	\$0	\$9,334	\$9,334
Road and Bridge Maintenance	0	82,073	82,073
<i>Assigned:</i>			
Future Appropriations	61,711	0	61,711
Total	\$61,711	\$91,407	\$153,118

As of December 31, 2015, fund balances are composed of the following:

	General	Special Revenue	Total
<i>Restricted:</i>			
Cemetery	\$0	\$8,312	\$8,312
Road and Bridge Maintenance	0	77,778	77,778
<i>Assigned:</i>			
Future Appropriations	49,190	0	49,190
Total	\$49,190	\$86,090	\$135,280

**BRUSH CREEK TOWNSHIP, ADAMS COUNTY**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 10 – Contingent Liabilities**

Amount grantor agencies pay to Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required By *Government Auditing Standards***

Board of Trustees  
Brush Creek Township, Adams County  
17433 St. Rt. 125  
West Union, OH 45693

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Brush Creek Township, Adams County, Ohio (the Township), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 15, 2017, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of internal control deficiencies, resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2016-001 described in the accompanying schedule of findings to be a material weakness.

Board of Trustees  
Brush Creek Township, Adams County  
Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Required By *Government Auditing Standards*

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

### **Purpose of this Report**

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

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

June 15, 2017

**BRUSH CREEK TOWNSHIP, ADAMS COUNTY**  
*Schedule of Findings*  
*For the Years Ended December 31, 2016 and 2015*

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

*Finding Number 2016-001*

**Financial Statement Adjustments - Material Weakness**

Accurate financial reporting is an important part of the Township's overall purpose. Financial reporting requires internal controls to be in place to help ensure accuracy of reporting.

The Township had numerous adjustments and reclassifications due to errors noted in the receipting and disbursing process. The following areas had audit adjustments and reclassifications made to the Township's financial statements:

- General Government
- Public Works
- Other Financing Sources
- Principal and Interest

The audited financial statements and Township records have been adjusted for the misstatements above.

The aforementioned errors were the result of lack of internal controls of financial reporting.

The presentation of materially incorrect financial statements is the responsibility of management. Lack of a properly presented financial statements review process could inhibit its financial accountability to both the public and the Trustees, which they may use to facilitate Township decisions.

We recommend the Township implement internal control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements.

Officials Response

We did not receive a response from Township Officials.

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# Dave Yost • Auditor of State

**BRUSH CREEK TOWNSHIP**

**ADAMS 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  
SEPTEMBER 5, 2017**