



OHIO AUDITOR OF STATE
KEITH FABER



**BRUSH CREEK TOWNSHIP
ADAMS COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Brush Creek Township
Adams County
17433 State Route 125
West Union, OH 45693

To the Board of Trustees:

Report on the Audit of the Financial Statements

Adverse Opinions

We have audited the financial statements of the Brush Creek Township, Adams County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type total as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements.

Adverse Opinion on Regulatory Basis of Accounting

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on Regulatory Basis of Accounting* section of our report, the accompanying financial statements referred to above do not present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type total as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2024 and 2023, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Regulatory Basis of Accounting

The Township had audit adjustments that were not posted to the Township's accounting system due to the impact that these adjustments would have on the General Fund and Special Revenue Funds. Had the posting of the audit adjustments been made the General Fund cash balance would have been decreased with Public Works Expenditures increasing by \$7,500 and the Gasoline Tax Fund, Special Revenue Fund cash balance would have been increased with Public Works Expenditures decreasing by \$7,500.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.

Brush Creek Township
Adams County
Independent Auditor's Report
Page 3

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2025, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.

KEITH FABER
Ohio Auditor of State



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

August 20, 2025

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Brush Creek Township
Adams County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2024

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$14,986	\$9,761	\$24,747
Intergovernmental	26,327	155,915	182,242
Earnings on Investments	1,309	2,995	4,304
Miscellaneous	4,528	2,609	7,137
<i>Total Cash Receipts</i>	<i>47,150</i>	<i>171,280</i>	<i>218,430</i>
Cash Disbursements			
Current:			
General Government	30,562	8,283	38,845
Public Safety	8,500	0	8,500
Public Works	0	133,435	133,435
Health	1,190	12,462	13,652
<i>Total Cash Disbursements</i>	<i>40,252</i>	<i>154,180</i>	<i>194,432</i>
<i>Net Change in Fund Cash Balances</i>	<i>6,898</i>	<i>17,100</i>	<i>23,998</i>
<i>Fund Cash Balances, January 1, Restated</i>	<i>35,435</i>	<i>148,163</i>	<i>183,598</i>
<i>Fund Cash Balances, December 31</i>	<i><u>\$42,333</u></i>	<i><u>\$165,263</u></i>	<i><u>\$207,596</u></i>

See accompanying notes to the basic financial statements

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Brush Creek Township
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Brush Creek Township, Adams County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of West Union to provide fire, emergency medical services and ambulance services.

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

The Township participates in the Ohio Township Risk Management Authority (OTARMA), which is an insurance risk-sharing pool available to Ohio Townships. Note 6 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 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, which are all organized on a fund type basis.

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).

Brush Creek Township
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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, 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.

A summary of 2024 budgetary activity appears in Note 3.

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

Brush Creek Township
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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 9.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2024 follows:

2024 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$40,161	\$47,150	\$6,989
Special Revenue	162,007	171,280	9,273
Total	<u>\$202,168</u>	<u>\$218,430</u>	<u>\$16,262</u>

2024 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgetary	Budgetary	Variance
	Appropriation	Expenditures	
General	\$83,096	\$40,252	\$42,844
Special Revenue	302,669	154,180	148,489
Total	<u>\$385,765</u>	<u>\$194,432</u>	<u>\$191,333</u>

Brush Creek Township
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 4 – 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:

<u>2024</u>	
Demand deposits	\$207,596
Total deposits	<u>207,596</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, 2024, the Township is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – 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.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – 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 Brush Creek Township's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty

Brush Creek Township
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2024

- Public official's liability
- Cyber
- Law enforcement liability
- Automobile 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, 2023:

2023	
Cash and investments	\$33,494,457
Actuarial liabilities	\$10,885,549

The information reported is the most recent information available at the time the footnotes were prepared.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township employees 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, 2024.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Fund Balances

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 \$0.

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

Brush Creek Township
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2024

fund, outstanding encumbrances are considered assigned.

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the 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.

Note 11 – Subsequent Events

Township Trustees did not complete time certifications from January 2021 through August 2021, leading to an audit adjustment necessary for \$19,053 per Finding Number 2022- 0001. On August 6, 2023 the Township Board of Trustees approved Resolution 2023-7 regarding the correction of this finding for adjustment. Based on this resolution \$7,500 will be adjusted from the General Fund to the Gasoline Tax Fund in 2025.

Note 12 – Restatement of Fund Balances

The Township's fund cash balances at January 1, 2024 have been restated for repayment from the General Fund to the Gasoline Tax for a Finding for Adjustment from prior audit periods. This adjustment resulted in the following changes in fund balances at January 1, 2024:

Error Correction			
	12/31/2023		1/1/2024
	As Previously Reported	Correction 1	As Restated
Governmental Funds			
General Fund	\$42,935	(\$7,500)	\$35,435
Special Revenue Funds	140,663	7,500	148,163
Total Governmental Funds	<u>\$183,598</u>	<u>\$0</u>	<u>\$183,598</u>

Brush Creek Township
Adams County, Ohio
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$15,045	\$10,095	\$25,140
Intergovernmental	25,643	154,232	179,875
Earnings on Investments	973	3,780	4,753
Miscellaneous	3,751	4,225	7,976
<i>Total Cash Receipts</i>	<i>45,412</i>	<i>172,332</i>	<i>217,744</i>
Cash Disbursements			
Current:			
General Government	30,198	79,513	109,711
Public Safety	7,500	0	7,500
Public Works	0	229,622	229,622
Health	801	13,453	14,254
Debt Service:			
Principal Retirement	797	797	1,594
Interest and Fiscal Charges	5	5	10
<i>Total Cash Disbursements</i>	<i>39,301</i>	<i>323,390</i>	<i>362,691</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>6,111</i>	<i>(151,058)</i>	<i>(144,947)</i>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	20,000	0	20,000
<i>Total Other Financing Receipts (Disbursements)</i>	<i>20,000</i>	<i>0</i>	<i>20,000</i>
<i>Net Change in Fund Cash Balances</i>	<i>26,111</i>	<i>(151,058)</i>	<i>(124,947)</i>
<i>Fund Cash Balances, January 1</i>	<i>16,824</i>	<i>291,721</i>	<i>308,545</i>
<i>Fund Cash Balances, December 31</i>	<i>\$42,935</i>	<i>\$140,663</i>	<i>\$183,598</i>

See accompanying notes to the basic financial statements

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**Brush Creek Township
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2023**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Brush Creek Township, Adams County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of West Union to provide fire services and ambulance services.

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

The Township participates in the Ohio Township Risk Management Authority (OTARMA), which is an insurance risk-sharing pool available to Ohio Townships. Note 6 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 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, which are all organized on a fund type basis.

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.

Coronavirus Relief Fund The coronavirus relief fund accounts for payments to State, Local and Tribal governments navigating the impact of the COVID-19 outbreak.

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. Brush Creek Township recognizes

**Brush Creek Township
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2023**

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.

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.

A summary of 2023 budgetary activity appears in Note 3.

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.

**Brush Creek Township
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2023**

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 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,530	\$65,412	\$24,882
Special Revenue	161,575	172,332	10,757
Total	<u>\$202,105</u>	<u>\$237,744</u>	<u>\$35,639</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$57,354	\$39,301	\$18,053
Special Revenue	453,296	323,390	129,906
Total	<u>\$510,650</u>	<u>\$362,691</u>	<u>\$147,959</u>

**Brush Creek Township
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2023**

Note 4 – 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:

<u>2023</u>	
Demand deposits	\$183,598
Total deposits	<u>183,598</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.

On January 31, 2023 \$77,150, on February 28, 2023 \$72,212, on March 31, 2023 \$70,269, on April 30, 2023 \$89,625 and on May 31, 2023 \$96,138 deposit amounts were not insured or collateralized, contrary to Ohio law.

Note 5 – 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 6 – 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

Brush Creek Township is a member of the Ohio Township Association Risk Management Authority (The

**Brush Creek Township
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2023**

Pool). The Pool assumes the risk of loss up to the limits of Brush Creek Township's policy. The Pool covers the following risks:

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities. The time period of the information reported is the most recent information available at the time the footnotes were prepared:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township employees 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 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Debt

The Township entered into a new Commercial Building and lot loan agreement in 2020 to finance the balance of the building and lot. This debt was paid in full in 2023.

**Brush Creek Township
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2023**

Note 10 – Fund Balances

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 Township had no outstanding encumbrances.

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

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the 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.

Note 12 – Subsequent Events

Township Trustees did not complete time certifications from January 2021 through August 2021, leading to an audit adjustment necessary for \$19,053 in prior audit. On August 6, 2023 the Township Board of Trustees approved Resolution 2023-7 regarding the correction of this finding for adjustment. Based on this resolution \$7,500 will be adjusted from the General Fund to the Gasoline Tax Fund in each year for 2024 and 2025.



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

Brush Creek Township
Adams County
17433 State Route 125
West Union, OH 45693

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type total as of and for the years ended December 31, 2024 and 2023 and the related notes to the financial statements of the Brush Creek Township, Adams Name, Ohio (the Township) and have issued our report thereon dated August 20, 2025, wherein we issued an adverse opinion due to audit adjustments that were not posted to the Township's accounting system. We also noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2024-001 through 2024-003 that we consider to be material weaknesses.

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*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings as item 2024-001.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



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

August 20, 2025

BRUSH CREEK TOWNSHIP
ADAMS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2024 AND 2023

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

FINDING NUMBER 2024-001

Noncompliance/Material Weakness/Finding for Adjustment

Ohio Rev. Code § 505.24(C) sets forth the method by which township trustees' compensation should be allocated. By summary, Ohio Revised Code § 505.24(C) permits trustees to receive per diem payments or annual salaries if voted upon unanimously by the township board of trustees.

If using the annual salary compensation method, the amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in Ohio Revised Code § 505.24(C) and shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed.

Due to a lack of sufficient internal controls over salaries and compensation allocation and as reported as Finding 2022-001, in 2021, the Trustees did not complete time certifications for January through August, therefore, all gross salaries, of \$19,053, should have been paid from the General Fund but was paid from the Gasoline Tax Fund.

The Township adjusted the financial statements and accounting records for a portion of the above needed adjustment. Of the \$19,053 audit adjustment, the Township adjusted their financial statements and accounting system by \$4,053. Therefore, a \$15,000 adjustment still needs completed by the Township.

On August 6, 2023, the Township Board of Trustees approved Resolution 2023-7 regarding the correction of this finding for adjustment. Based on this resolution, \$7,500 will be adjusted in each year for 2024 and 2025. In accordance with this resolution the Township made adjustment for \$7,500 in February 2024.

In accordance with the forgoing facts, we hereby issue a finding for adjustment in the amount of \$7,500 against the General Fund and in favor of the Gasoline Tax Fund for \$7,500.

Officials' Response:

We did not receive a response from the Township.

FINDING NUMBER 2024-002

Material Weakness

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 and notes monitoring and review process, the following conditions were noted in relation to the 2023 Reporting:

FINDING NUMBER 2024-002
(Continued)

General Fund:

- Sale of Capital Asset in the amount of \$20,000 was misclassified as Miscellaneous revenue.
- Budgeted Receipts in Note 3 were understated by \$3,675, due to not properly recording amounts in the accounting system as identified in Finding 2024-003.
- Appropriation Authority was understated by \$4,053 due to not properly recording amounts in the accounting system as identified in Finding 2024-003.

Special Revenue

- Budgeted Receipts in Note 3 were overstated by \$3,675, due to not properly recording amounts in the accounting system as identified in Finding 2024-003.
- Appropriation Authority was understated by \$378 due to not properly recording amounts in the accounting system as identified in Finding 2024-003.

As agreed to by management, the Township corrected the financial statements and their accounting system, where applicable, for all identified errors. In addition to the adjustments listed above, we also identified additional misstatements ranging from \$220 to \$313 that the Township did not correct.

The Township should establish and implement procedures monitoring and reviewing financial statements and the related notes to ensure proper reporting and to identify errors in a timely manner for correcting.

Officials' Response:

We did not receive a response from the Township.

FINDING NUMBER 2024-003

Material Weakness

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

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township, and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts' ledger.

For fiscal year 2023, the final approved appropriations were greater than the accounting system by \$4,053 (8%) and \$378 (1%) in the General and Cemetery Fund, respectfully. Final amended estimated receipts were greater than the accounting system by \$3,675 (10%) and \$378 (32%) in the General and Cemetery fund, respectfully.

FINDING NUMBER 2024-003
(Continued)

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations amendments approved by board were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources amendments was not properly posted to the accounting system. This resulted in failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this lead to inaccurate reporting of the budgetary information in the financial statements as listed in Finding 2024-002.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board. The township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response:

We did not receive a response from the Township.

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**Brush Creek Township
Adams County, OH**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2024 and 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	In 2021, Trustees did not complete time certifications resulting in a finding for adjustment for \$15,000.	Not fully corrected	Re-issued as finding number 2024-001 Per Resolution 2023-7, the Township approved to adjust \$7,500 in 2024 and \$7,500 in 2025. The Township did make the \$7,500 adjustment during 2024. During the audit, it was noted that the Township made the last \$7,500 adjustment after the current audit period ended.

OHIO AUDITOR OF STATE KEITH FABER



BRUSH CREEK TOWNSHIP

ADAMS 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 9/4/2025

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