



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

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**STATE OF OHIO**



**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Rushcreek Township  
Logan County  
P.O. Box 97  
Rushsylvania, Ohio 43347

To the Board of Trustees:

We have audited the accompanying financial statements of Rushcreek Township (the "Township") as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

April 15, 2002

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$25,336	\$62,351	\$87,687
Special Assessments		1,351	1,351
Intergovernmental Receipts	30,546	76,708	107,254
Fines, Licenses, and Permits	2,326	6,650	8,976
Earnings on Investments	5,710	1,202	6,912
Miscellaneous	83,946	9,338	93,284
	<u>147,864</u>	<u>157,600</u>	<u>305,464</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	58,613		58,613
Public Safety		27,607	27,607
Public Works	70,965	97,395	168,360
Health	13,211	15,642	28,853
Capital Outlay	15,594	77,471	93,065
	<u>158,383</u>	<u>218,115</u>	<u>376,498</u>
<b>Total Cash Disbursements</b>			
Total Receipts (Under) Disbursements	(10,519)	(60,515)	(71,034)
Fund Cash Balances, January 1	<u>121,809</u>	<u>165,870</u>	<u>287,679</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$111,290</u></u>	<u><u>\$105,355</u></u>	<u><u>\$216,645</u></u>

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

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Interest	\$397
<b>Operating Cash Disbursements:</b>	
Purchase Services	700
Supplies and Materials	307
Total Operating Cash Disbursements	1,007
Operating (Loss)	(610)
Fund Cash Balances, January 1	9,493
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$8,883</u></u></b>

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



**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$24,907	\$115,454	\$140,361
Special Assessments		1,035	1,035
Intergovernmental Receipts	54,833	69,838	124,671
Charges for Services			
Fines, Licenses, and Permits	1,384	4,980	6,364
Earnings on Investments	9,317	1,371	10,688
Miscellaneous	96,227	9,983	106,210
	<u>186,668</u>	<u>202,661</u>	<u>389,329</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	44,155		44,155
Public Safety		27,765	27,765
Public Works	46,650	72,074	118,724
Health	148	33,779	33,927
Capital Outlay	29,670	95,397	125,067
	<u>120,623</u>	<u>229,015</u>	<u>349,638</u>
Total Receipts Over/(Under) Disbursements	66,045	(26,354)	39,691
Fund Cash Balances, January 1	<u>55,764</u>	<u>192,224</u>	<u>247,988</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$121,809</u></u>	<u><u>\$165,870</u></u>	<u><u>\$287,679</u></u>

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

RUSHCREEK TOWNSHIP  
LOGAN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Interest	\$271
<b>Operating Cash Disbursements:</b>	
Supplies and Materials	<u>491</u>
Operating (Loss)	(220)
Fund Cash Balances, January 1	<u>9,713</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$9,493</u></u>

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

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Rushcreek Township, Logan County, (the "Township"), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

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

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

**Fire District Fund** – This fund receives tax levy money to pay for repairing and maintaining the fire and emergency medical equipment.

**Special Fire Levy Fund** – This fund receives tax money for the buying of fire and emergency equipment.

**3. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

**Jenkins Bequest, Johnson Bequest, and Cemetery Bequest Fund** – These are non expendable trust funds. Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. 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.

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2001</u>	<u>2002</u>
Demand deposits	\$218,469	\$290,113
Certificates of deposit	<u>7,059</u>	<u>7,059</u>
Total deposits	<u>\$225,528</u>	<u>\$297,172</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$150,000	\$147,864	(\$2,136)
Special Revenue	137,100	157,600	20,500
Fiduciary	285	397	112
Total	<u>\$287,385</u>	<u>\$305,861</u>	<u>\$18,476</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$283,908	\$158,383	\$125,525
Special Revenue	290,872	218,115	72,757
Fiduciary	2,719	1,007	1,712
Total	<u>\$577,499</u>	<u>\$377,505</u>	<u>\$199,994</u>

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$146,510	\$186,668	\$40,158
Special Revenue	194,200	202,661	8,461
Fiduciary	275	271	(4)
Total	\$340,985	\$389,600	\$48,615

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$202,274	\$120,623	\$81,651
Special Revenue	387,424	229,015	158,409
Fiduciary	2,654	491	2,163
Total	\$592,352	\$350,129	\$242,223

The Township recorded homestead and roll revenue and \$10,000 personal property tax revenue in a fund that did not receive the tax revenue. These recording errors violated the requirements of Ohio Rev. Code Section 5705.10.

**4. PROPERTY TAX**

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

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

**5. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**6. RISK MANAGEMENT**

**A. Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty insurance 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.

**B. Casualty Insurance**

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**C. Property Insurance**

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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 government.

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

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

**6. RISK MANAGEMENT (Continued)**

**D. Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$22,684,383	\$18,172,222
Liabilities	<u>8,924,977</u>	<u>5,947,013</u>
Retained earnings	<u>\$13,759,406</u>	<u>\$12,225,209</u>

<u>Property Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$4,156,784	\$3,544,437
Liabilities	<u>497,831</u>	<u>674,752</u>
Retained earnings	<u>\$3,658,953</u>	<u>\$2,869,685</u>

**7. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.





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

Rushcreek Township  
Logan County  
P.O. Box 97  
Rushsylvania, Ohio 43347

To the Board of Trustees:

We have audited the accompanying financial statements of Rushcreek Township (the "Township") as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 15, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-40346-001.

**Internal Control Over Financial Reporting**

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

Rushcreek Township  
Logan County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

April 15, 2002

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

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

**FINDING NUMBER 2001-30246-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.10** states that all revenue derived from a source other than general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. During 2000, homestead and rollback revenue and the personal property tax \$10,000 exemption were recorded in the general fund instead of being posted to funds receiving the tax levy.

The Township has made the necessary adjustments to increase/decrease fund balances to properly reflect these amounts. The financial statements in this report reflect these adjustments. These adjustments had the following affect upon the respective fund type balances:

<b>General</b> (\$12,098)	<b>Road &amp; Bridge</b> \$1,802	<b>Cemetery</b> \$1,191	<b>Fire</b> \$3,391	<b>Special Fire Levy</b> \$5,714
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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**RUSHCREEK TOWNSHIP**

**LOGAN 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  
MAY 28, 2002**