



**Auditor of State  
Betty Montgomery**



**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Rushcreek Township  
Logan County  
6143 County Road 20  
Rushsylvania, Ohio 43347

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rushcreek Township, Logan County, (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Government because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis 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 respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Fire District Fund, and Special Fire Levy Fund thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2006, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**Betty Montgomery**  
Auditor of State

November 3, 2006

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

This discussion and analysis of the Rushcreek Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2005 are as follows:

- Net assets of governmental activities increased \$101,286, or 20 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which also realized the greatest burden of increased costs during 2005; however, cost increases affected most funds.
- The Township's general receipts are primarily property taxes, intergovernmental and landfill fees which are listed as miscellaneous in the general fund. These receipts represent respectively \$349,298 and 53.2 percent of the total cash received for governmental activities during the year. A loan was taken out to pay for a new fire engine in the amount of \$110,000 and 16.8 percent of the total cash received for the year. This is not a normal activity of the Township. A levy was passed in 2003 to cover the cost of the fire engine and subsequent loan.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and fiduciary.

**Governmental Funds** - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Fire District Fund, and the Special Fire Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.



**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on a cash basis:

**(Table 1)  
Net Assets**

	<b>Governmental Activities</b>	
	<b>2005</b>	<b>2004</b>
<b>Assets</b>		
Cash and Cash Equiva	\$613,570	\$512,284
<b>Net Assets</b>		
Restricted for:		
Other Purposes	254,377	232,178
Unrestricted	359,193	280,106
<b>Total Net Assets</b>	<b>\$613,570</b>	<b>\$512,284</b>

As mentioned previously, net assets of governmental activities increased \$101,286, or 20 percent during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- The revenue from the landfill fees continues to come in at over \$100,000 per year but the roads are in good condition and are not requiring the previous amount spent to bring them up to their present level of condition.
- Charges for ambulance service brought in over \$25,000 more during 2005 for services rendered during 2004 and 2005. This was an unknown so not budgeted as expected revenue. No significant additional cost was incurred from this new source of revenue.

Table 2 reflects the changes in net assets during 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. During future years, when prior year information is available, a comparative analysis will be presented.

**(Table 2)  
Changes in Net Assets**

	<b>Governmental Activities 2005</b>
<b>Receipts:</b>	
<b>Program Receipts:</b>	
Charges for Services and Sales	\$43,935
Operating Grants and Contributions	127,248
Capital Grants and Contributions	4,878
<b>Total Program Receipts</b>	<b>176,061</b>

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**(Table 2)  
Changes in Net Assets  
(Continued)**

<b>General Receipts:</b>	
Property and Other Local Taxes	164,025
Grants and Entitlements Not Restricted to Specific Programs	43,120
Interest	3,868
Sale of Notes	110,000
Miscellaneous	159,386
Total General Receipts	480,399
Total Receipts	656,460
 <b>Disbursements:</b>	
General Government	91,049
Security of Persons and Property:	41,928
Public Works	83,095
Public Health Services	8,676
Capital Outlay	330,426
Principal Retirement	
Interest and Fiscal Charges	
Total Disbursements	555,174
 Increase in Net Assets	 101,286
 Net Assets, January 1, 2005	 512,284
Net Assets, December 31, 2005	\$613,570

Program receipts represent 26.8 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, State homestead and rollback receipts, and State grants. Other program receipts include ambulance run receipts and the County sales tax allocation which is spent by the County on the Township's behalf.

General receipts represent 73.2 percent of the Township's total receipts, and of this amount, 35 percent are local taxes. State and federal grants and entitlements make up 8.1 percent of the Township's general receipts. Other general receipts include landfill fees which are 29.5 percent of the general receipts and note proceeds which were 22.9 percent of general receipts.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Trustees and Fiscal Officer, health, property, and liability insurance, utilities and office expenses for the Township.

Security of Persons and Property are the costs of fire protection; Public Works is the cost of maintaining the roads; Public Health Services is the ambulance service.

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**Governmental Activities**

If you look at the Statement of Activities on this page, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Capital Outlay, from the purchase of a new fire engine, which account for \$330,426 and 59.4% percent of all governmental disbursements, respectively. General government also represents a significant cost, about 16.4 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)  
Governmental Activities**

	<b>Total Cost Of Services 2005</b>	<b>Net Cost of Services 2005</b>
General Government	\$91,049	\$64,118
Security of Persons and Property	41,928	(11,697)
Public Works	83,095	(1,968)
Public Health Services	8,676	(1,766)
Capital Outlay	330,426	330,426
Total Expenses	\$555,174	\$379,113

The dependence upon property tax and other general receipts is apparent as over 68.3 percent of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$656,460 and disbursements of \$555,174. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$79,087. The Gasoline Tax Fund was also up \$31,430, both as the result of less money required to maintain the roads.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Final budgeted receipts were above original budgeted receipts due to the conservative nature of the management team.

Final disbursements were budgeted at \$205,044 while actual disbursements were \$158,979.

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**Capital Assets and Debt Administration**

**Capital Assets**

The Township does not currently keep track of its capital assets and infrastructure, other than the annual inventory valuation of assets.

**Debt**

On December 31, 2005, the Township's outstanding debt included \$110,000 loaned from the Liberty National Bank, for the purchase of a new fire truck of which possession was taken August 25, 2005. The loan will be paid off with four equal payments of \$27,637.58 which are due on April 1, 2006, September 1, 2006, April 1, 2007, and September 1, 2007.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to J. Andrew Johnson, Rushcreek Township Fiscal Officer, 6143 CR 20, Rushsylvania, Ohio 43347.

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2005**

	<b>Governmental Activities</b>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$613,570</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	254,377
Unrestricted	<u>359,193</u>
Total Net Assets	<u>\$613,570</u>

*See accompanying notes to the basic financial statements.*

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

					<b>Net (Disbursements) Receipts and Changes in Net Assets</b>
	<b>Cash Disbursements</b>	<b>Charges for Services</b>	<b>Oper Grants Contributions</b>	<b>Capital Grants Contributions</b>	<b>Governmental Activities</b>
<b>Governmental Activities</b>					
General Government	\$91,049	\$2,272	\$24,659		(\$64,118)
Public Safety	41,927	29,998	23,627		11,698
Public Works	83,095	1,223	78,962	4,878	1,968
Health	8,676	10,442			1,766
Capital Outlay	330,427				(330,427)
Total Governmental Activities	<b>\$555,174</b>	<b>\$43,935</b>	<b>\$127,248</b>	<b>\$4,878</b>	<b>(379,113)</b>
<b>General Receipts</b>					
					164,025
					43,120
					110,000
					3,868
					159,386
					480,399
					101,286
					512,284
					\$613,570

*See accompanying notes to the financial statements.*

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amount</u>		<u>Actual</u>	<b>(Optional) Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$31,700	\$31,700	\$31,481	(\$219)
Licenses, Permits, and Fees	2,400	2,400	2,272	(128)
Intergovernmental	27,800	27,800	43,121	15,321
Earnings on Investments	2,300	2,300	3,536	1,236
Miscellaneous	140,000	140,000	157,656	17,656
Total Cash Receipts	204,200	204,200	238,066	33,866
<b>Cash Disbursements:</b>				
Current:				
General Government	122,700	122,700	91,049	31,651
Public Works	6,000	6,000	1,014	4,986
Health	2,400	2,400	880	1,520
Capital Outlay	73,944	73,944	66,036	7,908
Total Cash Disbursements	205,044	205,044	158,979	46,065
Net Change in Fund Balances	(844)	(844)	79,087	79,931
Fund Cash Balance, January 1	227,162	227,162	227,162	
Prior Year Encumbrances Appropriated	52,944	52,944	52,944	
<b>Fund Cash Balance, December 31</b>	<b>\$279,262</b>	<b>\$279,262</b>	<b>\$359,193</b>	<b>\$79,931</b>

*See accompanying notes to the financial statements.*

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire Levy</u>	<u>Spec Fire Levy</u>	<u>All Other Funds</u>	<u>Total (Memorandum Only)</u>
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$31,481		\$34,151	\$61,190	\$37,203	\$164,025
Charges for Services					29,998	29,998
Licenses, Permits, and Fees	2,272				7,192	9,464
Intergovernmental	43,121	78,654	9,454	8,017	36,000	175,246
Special Assessments					1,223	1,223
Earnings on Investments	3,536	296			36	3,868
Miscellaneous	157,656		1,730		3,250	162,636
<b>Total Cash Receipts</b>	<u>238,066</u>	<u>78,950</u>	<u>45,335</u>	<u>69,207</u>	<u>114,902</u>	<u>546,460</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	91,049					91,049
Public Safety			35,307	1,313	5,307	41,927
Public Works	1,014	47,520			34,561	83,095
Health	880				7,796	8,676
Capital Outlay	66,036		9,569	240,800	14,022	330,427
<b>Total Cash Disbursements</b>	<u>158,979</u>	<u>47,520</u>	<u>44,876</u>	<u>242,113</u>	<u>61,686</u>	<u>555,174</u>
Receipts Over (Under) Disbursements	79,087	31,430	459	(172,906)	53,216	(8,714)
<b>Other Financing Sources:</b>						
Sale of Notes				110,000		110,000
Net Change in Fund Balances	79,087	31,430	459	(62,906)	53,216	101,286
Fund Cash Balance, January 1	280,106	32,355	61,491	71,143	67,189	512,284
<b>Fund Cash Balance, December 31</b>	<u>\$359,193</u>	<u>\$63,785</u>	<u>\$61,950</u>	<u>\$8,237</u>	<u>\$120,405</u>	<u>\$613,570</u>

*See accompanying notes to the financial statements.*



**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GENERAL FUND - BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amount</u>		<u>Actual</u>	<b>(Optional) Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$31,700	\$31,700	\$31,481	(\$219)
Licenses, Permits, and Fees	2,400	2,400	2,272	(128)
Intergovernmental	27,800	27,800	43,121	15,321
Earnings on Investments	2,300	2,300	3,536	1,236
Miscellaneous	140,000	140,000	157,656	17,656
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	204,200	204,200	238,066	33,866
<b>Cash Disbursements:</b>				
Current:				
General Government	122,700	122,700	91,049	31,651
Public Works	6,000	6,000	1,014	4,986
Health	2,400	2,400	880	1,520
Capital Outlay	73,944	73,944	66,036	7,908
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	205,044	205,044	158,979	46,065
Net Change in Fund Balances	(844)	(844)	79,087	79,931
Fund Cash Balance, January 1	227,162	227,162	227,162	
Prior Year Encumbrances Appropriated	52,944	52,944	52,944	
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balance, December 31</b>	<u>\$279,262</u>	<u>\$279,262</u>	<u>\$359,193</u>	<u>\$79,931</u>

*See accompanying notes to the financial statements.*

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - GASOLINE TAX FUND - BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>(Optional) Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Cash Receipts:</b>				
Intergovernmental	\$68,000	\$68,000	\$78,654	\$10,654
Earnings on Investments	200	200	296	96
Total Cash Receipts	68,200	68,200	78,950	10,750
<b>Cash Disbursements:</b>				
Current:				
Public Works	62,500	62,500	47,520	14,980
Net Change in Fund Balances	5,700	5,700	31,430	25,730
Fund Cash Balance, January 1	27,355	27,355	27,355	
Prior Year Encumbrances Appropriated	5,000	5,000	5,000	
<b>Fund Cash Balance, December 31</b>	<u><u>\$38,055</u></u>	<u><u>\$38,055</u></u>	<u><u>\$63,785</u></u>	<u><u>\$25,730</u></u>

*See accompanying notes to the financial statements.*

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - FIRE DISTRICT FUND - BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional) Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$34,600	\$34,600	\$34,151	(\$449)
Intergovernmental	4,400	4,400	9,454	5,054
Miscellaneous			1,730	1,730
<b>Total Cash Receipts</b>	<b>39,000</b>	<b>39,000</b>	<b>45,335</b>	<b>6,335</b>
<b>Cash Disbursements:</b>				
Current:				
Public Safety	43,800	46,000	35,307	10,693
Capital Outlay	8,000	9,900	9,569	331
<b>Total Cash Disbursements</b>	<b>51,800</b>	<b>55,900</b>	<b>44,876</b>	<b>11,024</b>
Net Change in Fund Balances	(12,800)	(16,900)	459	17,359
Fund Cash Balance, January 1	57,391	57,391	57,391	
Prior Year Encumbrances Appropriated	4,100	4,100	4,100	
<b>Fund Cash Balance, December 31</b>	<b>\$48,691</b>	<b>\$44,591</b>	<b>\$61,950</b>	<b>\$17,359</b>

*See accompanying notes to the financial statements.*

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - SPECIAL FIRE LEVY FUND - BUDGET BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>(Optional) Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$62,000	\$62,000	\$61,190	(\$810)
Intergovernmental	8,000	8,000	8,017	17
Miscellaneous	104,300	104,300		(104,300)
<b>Total Cash Receipts</b>	<b>174,300</b>	<b>174,300</b>	<b>69,207</b>	<b>(105,093)</b>
<b>Cash Disbursements:</b>				
Current:				
Public Safety	2,500	2,500	1,313	1,187
Capital Outlay	245,000	245,000	240,800	4,200
<b>Total Cash Disbursements</b>	<b>247,500</b>	<b>247,500</b>	<b>242,113</b>	<b>5,387</b>
Excess of Receipts Under Disbursements	(73,200)	(73,200)	(172,906)	(99,706)
<b>Other Financing Sources:</b>				
Sale of Notes			110,000	110,000
Net Change in Fund Balances	(73,200)	(73,200)	(62,906)	10,294
Fund Cash Balance, January 1	71,143	71,143	71,143	
<b>Fund Cash Balance, December 31</b>	<b>(\$2,057)</b>	<b>(\$2,057)</b>	<b>\$8,237</b>	<b>\$10,294</b>

*See accompanying notes to the financial statements.*

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>Private Purpose Trust</b>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$7,588
Total Assets	<u>7,588</u>
<b>Net Assets</b>	
Held in Trust	
Restricted	7,115
Unrestricted	473
Total Net Assets	<u>\$7,588</u>

*See accompanying notes to the basic financial statements.*

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Private Purpose Trust</u>
<b>Additions</b>	
Interest	\$171
<b>Deductions</b>	
Health	<u>57</u>
Change in Net Assets	114
Net Assets Beginning of Year	<u>7,474</u>
Net Assets End of Year	<u><u>\$7,588</u></u>

*See accompanying notes to the financial statements.*

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**1. REPORTING ENTITY**

Rushcreek Township, in Logan County, Ohio, is a body politic and corporate established in the mid 1800's 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 reporting entity is comprised of the primary government. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township provides fire and ambulance service through the Rushcreek Volunteer Fire Department. Police protection is provided by Logan County Sheriff.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible.

Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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

**2. Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories, governmental and fiduciary.

**1. Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, the Gasoline Tax Fund, the Fire District Fund, and the Special Fire Levy Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**2. Fiduciary Funds**

Fiduciary funds include private purpose trust funds. Trust funds are used to account for assets held under a trust agreement for individuals that are not available to support the Township's own programs. The Township's private purpose trust fund accounts for programs of which the interest is used for grave upkeep as specified by the donor.

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.



**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources, and the appropriations ordinance, which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts (contra revenue), respectively.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$3,536 which includes \$637 assigned from other Township funds.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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

**G. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**I. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. The Township did not have this type of activity during the year.

**J. Accumulated Leave**

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

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. Net assets restricted by enabling legislation were \$107,524 at December 31, 2005,

**N. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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

**O. Interfund Transactions**

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. The Township did not have this type of activity during the year.

**3. CHANGE IN BASIS OF ACCOUNTING**

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**4. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, the Gasoline Tax Fund, the Fire District Fund, and the Special Fire Levy Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**5. DEPOSITS AND INVESTMENTS**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$536,413 of the Township's bank balance of \$636,413 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**B. Investments**

As of December 31, 2005, the Township had no investments.

**6. PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received during 2005 represent the collection of 2004 taxes. Real property taxes received during 2005 were levied on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due February 16; if paid semiannually, the first payment is due February 16, with the remainder payable by July 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received during 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received during 2005 were levied on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due October 10. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$ 5.20 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**6. PROPERTY TAXES (Continued)**

Real Property	
Residential	\$21,894,320
Agriculture	9,024,490
Commercial/Industrial/Mineral	582,240
Public Utility Property	
Real	62,310
Personal	2,677,840
Tangible Personal Property	735,166
Total Assessed Value	\$34,976,366

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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 coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships 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 risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 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 a per-claim limit of \$2,000,000.

**Property Coverage**

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

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.

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also, upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

**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, 2005.

<b>Casualty Coverage</b>	<b>2005</b>
Assets	\$30,485,638
Liabilities	(12,344,576)
Retained earnings	<u>\$18,141,062</u>
<b>Property Coverage</b>	<b>2005</b>
Assets	\$9,177,796
Liabilities	(1,406,031)
Retained earnings	<u>\$7,771,765</u>

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment. The Township's share of these unpaid claims is approximately \$21,506.

**8. DEFINED BENEFIT PENSION PLAN**

**Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**8. DEFINED BENEFIT PENSION PLAN (Continued)**

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for both pension and post employment obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$10,105, \$9,474, and \$9,788 respectively. The full amount has been contributed for 2005, 2004 and 2003.

**9. POST-EMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.



**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**9. POST-EMPLOYMENT BENEFITS (Continued)**

The number of active contributing participants in the traditional and combined plans was 369,885. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**10. DEBT**

During August 2005, the Township received a loan in the amount of \$110,000 to finance the purchase of a 2005 Smeal Fire Truck. The loan is repayable in four semi-annual installments of \$27,637.58 with a final maturity in September 1, 2007. The proceeds of this loan were spent during 2005.

	<u>Interest Rate</u>	<u>Balance December 31, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2005</u>
Governmental Activities 2005 Issue	4.0%	\$0	\$110,000	\$0	\$110,000

<b>Year</b>	<b>Note Debt</b>	
	<u>Principal</u>	<u>Interest</u>
2006	\$53,910	\$3,866
2007	56,090	1,689
Total	<u>\$110,000</u>	<u>\$5,555</u>

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**Auditor of State  
Betty Montgomery**

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

Rushcreek Township  
Logan County  
6143 County Road 20  
Rushsylvania, Ohio 43347

To the Board of Trustees:

We have audited the financial statements of Rushcreek Township, Logan County, (the Township), as of and for the year ended December 31, 2005, and have issued our report thereon dated November 3, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated November 3, 2006, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

**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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards*. In a separate letter to the Township's management dated November 3, 2006, we reported we reported a matter related to noncompliance we deemed immaterial.

Rushcreek Township  
Logan County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
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We intend this report solely for the information and use of the management and the Board of Trustees. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

November 3, 2006

**RUSHCREEK TOWNSHIP  
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	ORC Sec. 5705.10 - Receipts recorded in the wrong fund	Yes	





**Auditor of State  
Betty Montgomery**

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800-282-0370

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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  
DECEMBER 14, 2006**