



Mary Taylor, CPA
Auditor of State

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

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LOGAN COUNTY**

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Mary Taylor, CPA

Auditor of State

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 years ended December 31, 2007 and December 31, 2006, 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 Township 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 Rushcreek Township, Logan County, as of December 31, 2007 and December 31, 2006, and the respective changes in cash financial position, and the respective budgetary comparisons for the General Fund, Gasoline Tax Fund, Special Fire Levy Fund, and the Fire and Rescue Ambulance Fund for the year ended December 31, 2007 and the General Fund, Gasoline Tax Fund, Fire District Fund, and Special Fire Levy Fund for the year ended December 31, 2006, in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2008, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 15, 2008

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)**

This discussion and analysis of Rushcreek Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, 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 2007 are as follows:

- Net assets of governmental activities increased \$40,009, or .05 percent, an insignificant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized the greatest benefit of reducing expenses and increased revenue in 2007; however, cost increases affected most other funds.
- The Township's general receipts are primarily property tax, intergovernmental, and landfill fees which include in miscellaneous revenues in the General Fund. These receipts, combined, represent 68.2 percent of the total cash received for governmental activities during the year. These receipts are down less than 1 percent of last year's revenue from these sources.
- A 2006 Ford E-450XL Ambulance was purchased in March to replace the 1987 Ford ambulance. The cost was \$97,516 and the 1987 Ford was later sold in June for \$1,000. No additional tax levies were requested to make this purchase. \$48,000 was transferred from the General Fund to the Fire and Rescue Ambulance Fund to make this purchase.
- Interest income is significantly higher this year because of the use of a sweep account for all available government funds.

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, 2007
(UNAUDITED)
(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 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. 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 sales taxes.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as 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 – All 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 nonmajor 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, Special Fire Levy Fund, and Fire and Rescue Ambulance Fund. The programs reported in governmental funds are closely related to those reported in the government-wide 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 Township-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, 2007
(UNAUDITED)
(Continued)**

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)
Net Assets

| | Governmental Activities | |
|---------------------------|--------------------------------|------------------|
| | 2007 | 2006 |
| Assets | | |
| Cash and Cash Equivalent: | \$841,497 | \$801,488 |
| Net Assets | | |
| Restricted for: | | |
| Other Purposes | 266,783 | 319,507 |
| Unrestricted | 574,714 | 481,981 |
| Total Net Assets | \$841,497 | \$801,488 |

As mentioned previously, net assets of governmental activities increased \$40,009, or .05 percent during 2007. The primary reason contributing to the increases in cash balances are as follows:

- Reduced spending in the General Fund along with a slight increase in over-all revenue
- Reduced spending in the Gasoline Tax Fund which showed a positive change in fund balance versus a negative change in 2006

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2006 for governmental activities.

(Table 2)
Changes in Net Assets

| | Governmental Activities | |
|---|--------------------------------|----------------|
| | 2007 | 2006 |
| Receipts: | | |
| Program Receipts: | | |
| Charges for Services and Sales | \$25,644 | \$26,090 |
| Operating Grants and Contributions | 120,153 | 112,262 |
| Capital Grants and Contributions | 17,200 | 67,434 |
| Total Program Receipts | 162,997 | 205,786 |
| General Receipts: | | |
| Property and Other Local Taxes | 171,427 | 174,650 |
| Grants and Entitlements Not Restricted to Specific Programs | 44,436 | 43,768 |
| Interest | 22,732 | 5,511 |
| Miscellaneous | 136,080 | 145,675 |
| Total General Receipts | 374,675 | 369,604 |
| Total Receipts | 537,672 | 575,390 |

(Continued)

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

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

| | Governmental Activities | |
|--|------------------------------------|-------------------------|
| | 2007 | 2006 |
| Disbursements: | | |
| General Government | 88,619 | 97,236 |
| Security of Persons and Property: | 46,792 | 46,178 |
| Public Works | 141,196 | 58,107 |
| Public Health Services | 17,485 | 10,460 |
| Capital Outlay | 142,743 | 120,459 |
| Principal Retirement | 58,929 | 51,071 |
| Interest and Fiscal Charges | 1,899 | 4,204 |
| Total Disbursements | <u>497,663</u> | <u>387,715</u> |
| Increase (Decrease) in Net Assets | 40,009 | 187,675 |
| Net Assets, January 1, 2007 | <u>801,488</u> | <u>613,813</u> |
| Net Assets, December 31, 2007 | <u><u>\$841,497</u></u> | <u><u>\$801,488</u></u> |

Program receipts represent 30.3 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and homestead and rollback money.

General receipts represent 69.7 percent of the Township's total receipts, and of this amount, 45.8 percent are local taxes. State and federal grants and entitlements make up the 11.9 percent of the Township's general receipts. Interest and miscellaneous receipts, which include landfill fees, make up 42.3 percent of the total.

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 elected officials salaries; health, property, and liability insurance; utilities and office expenses for the Township.

Public Safety are the costs of fire and EMS protection; Health is cemetery maintenance; and Public Works is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, 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 Capital Outlay and Public Works, which account for 28.7 and 28.4 percent of all governmental disbursements, respectively. 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.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

**(Table 3)
Governmental Activities**

| | Total Cost of Services 2007 | Net Cost of Services 2007 | Total Cost of Services 2006 | Net Cost of Services 2006 |
|----------------------------------|--|--|--|--|
| General Government | \$ 88,619 | \$ 86,305 | \$ 97,236 | \$ 96,545 |
| Security of Persons and Property | 46,792 | 22,612 | 46,178 | 20,358 |
| Public Works | 141,196 | 18,148 | 58,107 | (107,829) |
| Public Health Services | 17,485 | 4,030 | 10,460 | (2,879) |
| Capital Outlay | 142,743 | 142,743 | 120,459 | 120,459 |
| Principal Retirement | 58,929 | 58,929 | 51,071 | 51,071 |
| Interest and Fiscal Charges | 1,899 | 1,899 | 4,204 | 4,204 |
| Total Expenses | \$497,663 | \$334,666 | \$387,715 | \$181,929 |

The dependence upon general receipts is apparent as over 67 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$537,672 and disbursements of \$497,663, net of transfers in and out. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$92,733 as the result less money being spent on general government disbursements and a slight increase in revenues.

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.

The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$389,440, not including advances, while actual disbursements were \$136,886. The amount appropriated for disbursements is inflated to allow the trustees the cushion to take on new projects thru the year as they see necessary. Because of no unexpected projects most of the appropriated funds are available for next year.

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 for the County Auditor and our property insurance company.

Debt

At December 31, 2007, the Township has no outstanding debt. The remaining balance of the fire truck loan was paid off in 2007.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)
(Continued)**

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 Rushcreek Township Trustees, c/o J. Andrew Johnson, Fiscal Officer, 6143 CR 20, Rushsylvania, Ohio 43347.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

| | <u>Governmental Activities</u> |
|--|---|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$841,497</u> |
| Total Assets | <u><u>841,497</u></u> |
| | |
| Net Assets | |
| Restricted for: | |
| Other Purposes | 266,783 |
| Unrestricted | <u>574,714</u> |
| Total Net Assets | <u><u>\$841,497</u></u> |

See accompanying notes to the financial statements.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | Program Cash Receipts | | | Net (Disbursements) Receipts and Changes in Net Assets | |
|--------------------------------|-------------------------------|---------------------------------|---|---|--------------------------------|
| | Cash Disbursements | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | | |
| General Government | \$88,619 | \$2,314 | | | (\$86,305) |
| Public Safety | 46,792 | 11,819 | \$12,361 | | (22,612) |
| Public Works | 141,196 | | 105,848 | \$17,200 | (18,148) |
| Health | 17,485 | 11,511 | 1,944 | | (4,030) |
| Capital Outlay | 142,743 | | | | (142,743) |
| Debt Service | | | | | |
| Principal | 58,929 | | | | (58,929) |
| Interest | 1,899 | | | | (1,899) |
| Total Governmental Activities | <u>\$497,663</u> | <u>\$25,644</u> | <u>\$120,153</u> | <u>\$17,200</u> | (334,666) |
| | | | | | |
| | | | General Receipts | | |
| | | | Property Taxes | | 171,427 |
| | | | Grants and Entitlements not Restricted to Specific Purposes | | 44,436 |
| | | | Earnings on Investments | | 22,732 |
| | | | Miscellaneous | | 136,080 |
| | | | | | <u>374,675</u> |
| | | | Total General Receipts | | <u>374,675</u> |
| | | | Change in Net Assets | | 40,009 |
| | | | Net Assets Beginning of Year | | <u>801,488</u> |
| | | | Net Assets End of Year | | <u>\$841,497</u> |

See accompanying notes to the financial statements.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES- GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

| | <u>General</u> | <u>Gasoline Tax</u> | <u>Special Fire Levy</u> | <u>Fire and Rescue Ambulance</u> | <u>All Other Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------|-------------------------|------------------------------|--|--------------------------------|---|
| Assets | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$574,714 | \$62,847 | \$31,831 | \$7,534 | \$164,571 | \$841,497 |
| Total Assets | <u>574,714</u> | <u>62,847</u> | <u>31,831</u> | <u>7,534</u> | <u>164,571</u> | <u>841,497</u> |
| Fund Balances | | | | | | |
| Unreserved: | | | | | | |
| Undesignated (Deficit), Reported in: | | | | | | |
| General Fund | 574,714 | | | | | 574,714 |
| Special Revenue Funds | | 62,847 | 31,831 | 7,534 | 164,571 | 266,783 |
| Total Fund Balances | <u>\$574,714</u> | <u>\$62,847</u> | <u>\$31,831</u> | <u>\$7,534</u> | <u>\$164,571</u> | <u>\$841,497</u> |

See accompanying notes to the financial statements.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>General</u> | <u>Gasoline Tax</u> | <u>Special Fire Levy Levy</u> | <u>Fire and Rescue Ambulance</u> | <u>All Other Funds</u> | <u>Total (Memorandum Only)</u> |
|--|------------------|-------------------------|---------------------------------------|--|--------------------------------|--|
| Cash Receipts: | | | | | | |
| Property and Other Local Taxes | \$33,068 | | \$63,628 | | \$74,731 | \$171,427 |
| Charges for Services | | | | \$10,463 | | 10,463 |
| Licenses, Permits, and Fees | 2,314 | | | | 6,386 | 8,700 |
| Intergovernmental | 44,436 | \$88,979 | 7,567 | | 40,807 | 181,789 |
| Special Assessments | | | | | 1,356 | 1,356 |
| Earnings on Investments | 20,299 | 2,320 | | | 113 | 22,732 |
| Miscellaneous | 129,502 | | 310 | | 11,393 | 141,205 |
| Total Cash Receipts | <u>229,619</u> | <u>91,299</u> | <u>71,505</u> | <u>10,463</u> | <u>134,786</u> | <u>537,672</u> |
| Cash Disbursements: | | | | | | |
| Current: | | | | | | |
| General Government | 88,619 | | | | | 88,619 |
| Public Safety | 100 | | 1,395 | 756 | 44,541 | 46,792 |
| Public Works | | 119,101 | | | 22,095 | 141,196 |
| Health | | | | | 17,485 | 17,485 |
| Capital Outlay | 167 | 8,068 | 798 | 62,016 | 71,694 | 142,743 |
| Debt Service: | | | | | | |
| Principal | | | 58,929 | | | 58,929 |
| Interest | | | 1,899 | | | 1,899 |
| Total Cash Disbursements | <u>88,886</u> | <u>127,169</u> | <u>63,021</u> | <u>62,772</u> | <u>155,815</u> | <u>497,663</u> |
| Excess of Receipts Over(Under) Disbursements | 140,733 | (35,870) | 8,484 | (52,309) | (21,029) | 40,009 |
| Other Financing Sources / (Uses): | | | | | | |
| Transfer-In | | | | 48,000 | | 48,000 |
| Transfer-Out | (48,000) | | | | | (48,000) |
| Total Other Financing Sources / (Uses) | <u>(48,000)</u> | | | <u>48,000</u> | | |
| Net Change in Fund Balances | 92,733 | (35,870) | 8,484 | (4,309) | (21,029) | 40,009 |
| Fund Cash Balances, January 1 | <u>481,981</u> | <u>98,717</u> | <u>23,347</u> | <u>11,843</u> | <u>185,600</u> | <u>801,488</u> |
| Fund Cash Balances, December 31 | <u>\$574,714</u> | <u>\$62,847</u> | <u>\$31,831</u> | <u>\$7,534</u> | <u>\$164,571</u> | <u>\$841,497</u> |

See accompanying notes to the financial statements.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGET BASIS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Budgeted Amount</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Property and Other Local Taxes | \$35,000 | \$35,000 | \$33,068 | (\$1,932) |
| Licenses, Permits, and Fees | 2,000 | 2,000 | 2,314 | 314 |
| Intergovernmental | 32,000 | 32,000 | 44,436 | 12,436 |
| Earnings on Investments | 10,000 | 10,000 | 20,299 | 10,299 |
| Miscellaneous | 150,000 | 150,000 | 129,502 | (20,498) |
| Total Cash Receipts | <u>229,000</u> | <u>229,000</u> | <u>229,619</u> | <u>619</u> |
| Disbursements: | | | | |
| Current: | | | | |
| General Government | 163,240 | 163,240 | 88,619 | 74,621 |
| Public Safety | 2,000 | 2,000 | 100 | 1,900 |
| Public Works | 11,000 | 11,000 | | 11,000 |
| Health | 13,200 | 13,200 | | 13,200 |
| Capital Outlay | 100,000 | 100,000 | 167 | 99,833 |
| Total Cash Disbursements | <u>289,440</u> | <u>289,440</u> | <u>88,886</u> | <u>200,554</u> |
| Excess of Receipts Over (Under) Disbursements | (60,440) | (60,440) | 140,733 | 201,173 |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | (100,000) | (100,000) | (48,000) | 52,000 |
| Advancers Out | (100,000) | (100,000) | | 100,000 |
| Total Other Financing Sources (Uses) | <u>(200,000)</u> | <u>(200,000)</u> | <u>(48,000)</u> | <u>152,000</u> |
| Net Change in Fund Balances | (260,440) | (260,440) | 92,733 | 353,173 |
| Fund Cash Balance, January 1 | <u>481,981</u> | <u>481,981</u> | <u>481,981</u> | |
| Fund Cash Balance, December 31 | <u>\$221,541</u> | <u>\$221,541</u> | <u>\$574,714</u> | <u>\$353,173</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 - BUDGET BASIS - GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Budgeted Amount</u> | | <u>Actual</u> | Variance With Final Budget Positive (Negative) |
|--------------------------------|------------------------|-----------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>Actual</u> |
| Cash Receipts: | | | | |
| Intergovernmental | \$87,000 | \$87,000 | \$88,979 | \$1,979 |
| Earnings on Investments | 1,700 | 1,700 | 2,320 | 620 |
| Total Cash Receipts | <u>88,700</u> | <u>88,700</u> | <u>91,299</u> | <u>2,599</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Public Works | 156,000 | 156,000 | 119,101 | 36,899 |
| Capital Outlay | <u>30,000</u> | <u>30,000</u> | <u>8,068</u> | <u>21,932</u> |
| Total Cash Disbursements | <u>186,000</u> | <u>186,000</u> | <u>127,169</u> | <u>58,831</u> |
| Net Change in Fund Balances | (97,300) | (97,300) | (35,870) | 61,430 |
| Fund Cash Balance, January 1 | <u>98,717</u> | <u>98,717</u> | <u>98,717</u> | |
| Fund Cash Balance, December 31 | <u><u>\$1,417</u></u> | <u><u>\$1,417</u></u> | <u><u>\$62,847</u></u> | <u><u>\$61,430</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 - BUDGET BASIS
SPECIAL FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Budgeted Amount</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--------------------------------|------------------------|---------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Cash Receipts: | | | | |
| Property and Other Local Taxes | \$61,000 | \$61,000 | \$63,628 | \$2,628 |
| Intergovernmental | 7,000 | 7,000 | 7,567 | 567 |
| Miscellaneous | 2,800 | 2,800 | 310 | (2,490) |
| Total Cash Receipts | <u>70,800</u> | <u>70,800</u> | <u>71,505</u> | <u>705</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Public Safety | 2,800 | 2,800 | 1,395 | 1,405 |
| Capital Outlay | 20,200 | 20,200 | 798 | 19,402 |
| Debt Service: | | | | |
| Principal | 65,000 | 65,000 | 58,929 | 6,071 |
| Interest | 6,000 | 6,000 | 1,899 | 4,101 |
| Total Cash Disbursements | <u>94,000</u> | <u>94,000</u> | <u>63,021</u> | <u>30,979</u> |
| Net Change in Fund Balances | (23,200) | (23,200) | 8,484 | 31,684 |
| Fund Cash Balance, January 1 | <u>23,347</u> | <u>23,347</u> | <u>23,347</u> | |
| Fund Cash Balance, December 31 | <u>\$147</u> | <u>\$147</u> | <u>\$31,831</u> | <u>\$31,684</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 - BUDGET BASIS
FIRE AND RESCUE AMBULANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | <u>Budgeted Amount</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|------------------------|---------------|----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Cash Receipts: | | | | |
| Charges for Services | \$12,000 | \$12,000 | \$10,463 | (\$1,537) |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Public Safety | 4,500 | 4,500 | 756 | 3,744 |
| Capital Outlay | 68,500 | 68,500 | 62,016 | 6,484 |
| Total Cash Disbursements | <u>73,000</u> | <u>73,000</u> | <u>62,772</u> | <u>10,228</u> |
| Excess of Receipts Over (Under) Disbursements | (61,000) | (61,000) | (52,309) | 8,691 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | <u>50,000</u> | <u>50,000</u> | <u>48,000</u> | <u>(2,000)</u> |
| Net Change in Fund Balances | (11,000) | (11,000) | (4,309) | 6,691 |
| Fund Cash Balance, January 1 | <u>11,843</u> | <u>11,843</u> | <u>11,843</u> | |
| Fund Cash Balance, December 31 | <u>\$843</u> | <u>\$843</u> | <u>\$7,534</u> | <u>\$6,691</u> |

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, 2007**

| | Private Purpose Trust |
|--|--------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$7,747 |
| Total Assets | <u>7,747</u> |
| Net Assets | |
| Held in Trust | |
| Restricted | 7,059 |
| Unrestricted | 688 |
| Total Net Assets | <u>\$7,747</u> |

See accompanying notes to the financial statements.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

| | Private Purpose Trust |
|------------------------------|--------------------------------------|
| Additions | |
| Interest | \$320 |
| Deductions | |
| Health | <u>59</u> |
| Change in Net Assets | 261 |
| Net Assets Beginning of Year | <u>7,486</u> |
| Net Assets End of Year | <u><u>\$7,747</u></u> |

See accompanying notes to the financial statements.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

1. REPORTING ENTITY

Rushcreek Township, 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 Fiscal Officer.

A. 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 via the Rushcreek Township Volunteer Fire Department. Police protection is provided by the Logan County Sheriff's Office.

The Township's management believes these financial statements present all activities for which 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. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. 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 balances of the governmental 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.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Fiduciary funds are reported by type.

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 Special Fire Levy Fund and the Fire and Rescue Ambulance 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 who are not available to support the Township's own programs. The Township's private purpose trust funds account for programs that maintain the cemeteries.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Township are described in the appropriate section in this note.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 liabilities and the related expenses) are not recorded in these financial statements.

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, function, 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 on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate 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

Township records identify the purchase of specific investments by specific funds. 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 with an original maturity of three months or less at the time of purchase and investments of the cash management pool 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, 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 2007 was \$20,299 which includes \$7,612 assigned from other Township funds.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The Township did not have restricted assets.

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 make any advances during 2007.

J. Accumulated Leave

Unused sick leave balances up to 14 days can be carried over to the following year. Unused 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. The Township did not have any net assets restricted by enabling legislation.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The Township did not have fund balance reserves at year-end.

O. Interfund Transactions

Transfers between governmental funds are not reported on the government-wide financial statements.

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. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

3. COMPLIANCE

During 2007, the Township recorded some restricted revenues in the wrong fund which violated Ohio Rev. Code Section 5705.10(D)

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 – Budget Basis, presented for the General Fund, the Gasoline Tax fund, the Special Fire Levy Fund, and the Fire and Rescue Ambulance 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, 2007
(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.

At year end, the Township had no undeposited cash on hand.

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, \$742,186 of the Township's bank balance of \$849,245 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, 2007
(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.

B. Investments

The Township did not have any investments in 2007.

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 in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied on the assessed values as of December 31, 2006, 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 14; if paid semiannually, the first payment is due February 14, 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 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after December 31, 2006, 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 in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after December 31, 2006 on the true value as of December 31, 2006. 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 September 20. 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, 2006, was \$5.20 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

| | |
|-------------------------------|---------------------|
| Real Property | |
| Residential | \$22,039,290 |
| Agricultural | 9,160,720 |
| Commercial/Industrial/Mineral | 628,890 |
| Tangible Personal Property | 693,020 |
| Public Utility | 2,654,500 |
| Total Assessed Value | <u>\$35,176,420</u> |

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

7. RISK MANAGEMENT

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 governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

A. Casualty Coverage

For an occurrence prior to January 1, 2006, 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. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP'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 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

B. 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.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values.

If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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.

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

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

7. RISK MANAGEMENT (Continued)

C. 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, 2007 and 2006.

| | 2007 | 2006 |
|-------------|--------------|--------------|
| Assets | \$43,210,703 | \$42,042,275 |
| Liabilities | (13,357,837) | (12,120,661) |
| Net Assets | \$29,852,866 | \$29,921,614 |

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$6,724. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

| Contributions to OTARMA | |
|--------------------------------|----------|
| 2005 | \$10,944 |
| 2006 | 8,894 |
| 2007 | 7,153 |

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they 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 contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. DEFINED BENEFIT PENSION PLAN

A. 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, 2007
(Continued)**

8. DEFINED BENEFIT PENSION PLAN

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.

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, the members in the traditional plan were required to contribute 9.5 percent of their annual covered salaries. The 2007 employer contribution rate for local government employers was 13.85 percent of covered payroll; 8.85 percent for pension obligations for the period January 1 through June 30, 2007 and 7.85 percent for the period July 1 through December 31, 2007.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$6,953, 7,505, and \$7,122, respectively. The full amount has been contributed for 2007, 2006 and 2005.

9. POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, and survivor benefits as well as post-employment health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2007, local government employer units contributed at 13.85 percent of covered payroll. The portion of employer contributions for all employers allocated to health care was 5.00 percent for the period January 1 through June 30, 2007 and 6.00 percent for the period July 1 through December 31, 2007. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

9. POST-EMPLOYMENT BENEFITS (Continued)

Benefits are advance-funded using the entry age normal actuarial cost method. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 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 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.5 percent to 5 percent for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006 actuarial valuation was 362,130. Actual employer contributions for 2007 which were used to fund other post-employment benefits were \$4,638.

The amount of \$12.0 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2006. The Actuarial Valuation as of December 31, 2006, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB, based on actuarial cost method used, at \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008 which allowed additional funds to be allocated to the health care plan.

10. DEBT

A summary of the note transactions for the year ended December 31, 2007, follows:

During August, 2005, the Township entered into a loan in the amount of \$110,000 to finance the purchase of a Smeal Fire Truck. This loan was payable in semi-annual installments and matured in September, 2007. The loan was paid from the Special Fire Levy Fund.

| | <u>Interest Rate</u> | <u>Balance 12/31/2006</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 12/31/2007</u> |
|-----------------|--------------------------|-------------------------------|------------------|-------------------|-------------------------------|
| Fire Truck Loan | 4% | \$58,929 | \$0 | \$58,929 | \$0 |

11. LEASES

In 2006, the Township entered into a one year lease-purchase agreement for a backhoe. The Township made a down payment of \$15,000 in 2006 and financed \$15,312. The annual interest rate was 5.25%. This lease was paid in full in 2007 from the Gasoline Tax Fund and the Cemetery Fund.

RUSHCREEK TOWNSHIP
LOGAN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)

12. INTERFUND TRANSFERS

During 2007, the following transfers were made:

| | |
|--|-----------------|
| Transfers from the General Fund to: | |
| Fire and Rescue Ambulance Fund | <u>\$48,000</u> |
| Total Transfers from the General Fund | <u>\$48,000</u> |

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)**

This discussion and analysis of Rushcreek Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, 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 2006 are as follows:

- Net assets of governmental activities increased \$187,675, or approximately 30 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 realized the greatest benefit by reducing expenditures in 2006. Overall spending was down by \$167,459 mainly because a fire truck, costing \$240,800, was purchased in 2005.
- The Township's general receipts are primarily property taxes, intergovernmental, and landfill fees which are included in miscellaneous revenues in the General Fund. These receipts, combined, represent 60 percent of the total cash received for governmental activities during the year. These receipts are up 1 percent of last year's revenue from these sources.
- A 2004 GMC 1500 4X4 pickup was purchased to replace the 1984 Ford F250 truck. The net cost was \$14,015 after a trade-in allowance of \$750.00. This truck is used for general operations of the Township.

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, 2006
(UNAUDITED)
(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 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. 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 sales taxes.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as 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 – All 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 nonmajor 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, Special Fire Levy Fund, and Public Works Commission Fund. The programs reported in governmental funds are closely related to those reported in the government-wide 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 Township-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, 2006
(UNAUDITED)
(Continued)**

The Township as a Whole

Table 1 provides a summary of the Government's net assets for 2006 compared to 2005 on a cash basis:

(Table 1)
Net Assets

| | Governmental Activities | |
|---------------------------|--------------------------------|------------------|
| | 2006 | 2005 |
| Assets | | |
| Cash and Cash Equivalents | \$801,488 | \$613,813 |
| Net Assets | | |
| Restricted for: | | |
| Other Purposes | 319,507 | 254,620 |
| Unrestricted | 481,981 | 359,193 |
| Total Net Assets | \$801,488 | \$613,813 |

As mentioned previously, net assets of governmental activities increased \$187,675, or approximately 30 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Revenue is up over 2005, not counting the note for the fire truck, about \$28,687 or 5.2 percent.
- We paid out \$240,800 for the fire truck in 2005; this was an expense we did not have in 2006.
- \$38,907 of Issue II money came in which does not normally happen.

Table 2 reflects the changes in net assets on the cash basis in 2006 and 2005 for governmental activities.

(Table 2)
Changes in Net Assets

| | Governmental Activities | |
|---|--------------------------------|----------------|
| | 2006 | 2005 |
| Receipts: | | |
| Program Receipts: | | |
| Charges for Services and Sales | \$26,090 | \$43,935 |
| Operating Grants and Contributions | 112,262 | 127,248 |
| Capital Grants and Contributions | 67,434 | 4,878 |
| Total Program Receipts | 205,786 | 176,061 |
| General Receipts: | | |
| Property and Other Local Taxes | 174,650 | 164,025 |
| Grants and Entitlements Not Restricted to Specific Programs | 43,768 | 43,120 |
| Sale of Notes | | 110,000 |
| Interest | 5,511 | 3,868 |
| Miscellaneous | 145,675 | 159,629 |
| Total General Receipts | 369,604 | 480,642 |
| Total Receipts | 575,390 | 656,703 |

(Continued)

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)**

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

| | Governmental Activities | |
|-------------------------------|------------------------------------|------------------|
| | 2006 | 2005 |
| Disbursements: | | |
| General Government | 97,236 | 91,049 |
| Public Safety | 46,178 | 41,927 |
| Public Works | 58,107 | 83,095 |
| Health | 10,460 | 8,676 |
| Capital Outlay | 120,459 | 330,427 |
| Principal Retirement | 51,071 | |
| Interest and Fiscal Charges | 4,204 | |
| Total Disbursements | <u>387,715</u> | <u>555,174</u> |
| Excess (Deficiency) | 187,675 | 101,529 |
| Net Assets, January 1, 2006 | <u>613,813</u> | <u>512,284</u> |
| Net Assets, December 31, 2006 | <u>\$801,488</u> | <u>\$613,813</u> |

Program receipts represent 35.8 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license fees, gas tax money, and homestead & rollback money.

General receipts represent 64.2 percent of the Township's total receipts, and of this amount, 47.2 percent are local taxes. State and federal grants and entitlements make up the 11.8 percent of the Township's general receipts. Interest and miscellaneous receipts, which include landfill fees, make up 40.9 percent of the total.

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 elected officials salaries; health, property, and liability insurance; utilities and office expenses for the Township.

Public Safety are the costs of fire and EMS protection; Health is cemetery maintenance; and Public Works is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, 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 disbursement for governmental activities is Capital Outlay and General Government, which account for 31 and 25 percent of all governmental disbursements, respectively. 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 Government 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.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)**

**(Table 3)
Governmental Activities**

| | Total Cost of Services 2006 | Net Cost of Services 2006 | Total Cost of Services 2005 | Net Cost of Services 2005 |
|----------------------------------|--|--|--|--|
| General Government | \$ 97,236 | \$ 96,545 | \$ 91,049 | \$ 64,118 |
| Security of Persons and Property | 46,178 | 20,358 | 41,927 | (11,698) |
| Public Works | 58,107 | (107,829) | 83,095 | (1,968) |
| Public Health Services | 10,460 | (2,879) | 8,676 | (1,766) |
| Capital Outlay | 120,459 | 120,459 | 330,427 | 330,427 |
| Principal Retirement | 51,071 | 51,071 | | |
| Interest and Fiscal Charges | 4,204 | 4,204 | | |
| Total Expenses | \$387,715 | \$181,929 | \$555,174 | \$379,113 |

The dependence upon general receipts is apparent as 46.9 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$575,390 and disbursements of \$387,715. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$122,788 as the result less money from the General Fund being spent on capital outlay.

This trend should continue another year as the bulk of the road maintenance money will be paid out of the Gasoline Tax and Road and Bridge Funds.

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.

The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$266,940 while actual disbursements were \$98,421. The amount appropriated for disbursements if inflated to allow the trustees the cushion to take on new projects thru the year as they see necessary. Because of no unexpected projects the overall funds available for next year grew another 34.2 percent.

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 for the County Auditor and our property insurance company.

Debt

At December 31, 2006, the Township's outstanding debt included \$58,929 borrowed for the purpose of purchasing a new fire truck in August 2005. The remaining balance will be paid off in 2007.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)**

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 Rushcreek Township Trustees, c/o J. Andrew Johnson, Fiscal Officer, 6143 CR 20, Rushsylvania, Ohio 43347.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006**

| | <u>Governmental Activities</u> |
|--|---|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$801,488</u> |
| Total Assets | <u><u>801,488</u></u> |
| | |
| Net Assets | |
| Restricted for: | |
| Other Purposes | 319,507 |
| Unrestricted | <u>481,981</u> |
| Total Net Assets | <u><u>\$801,488</u></u> |

See accompanying notes to the financial statements.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>Program Cash Receipts</u> | | | <u>Net (Disbursements) Receipts and Changes in Net Assets</u> | |
|---|-------------------------------|---------------------------------|---|---|------------------------------------|
| | <u>Cash Disbursements</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> |
| Governmental Activities | | | | | |
| General Government | \$97,236 | \$691 | | | (\$96,545) |
| Public Safety | 46,178 | 13,199 | \$12,621 | | (20,358) |
| Public Works | 58,107 | | 98,502 | \$67,434 | 107,829 |
| Health | 10,460 | 12,200 | 1,139 | | 2,879 |
| Capital Outlay | 120,459 | | | | (120,459) |
| Debt Service | | | | | |
| Principal | 51,071 | | | | (51,071) |
| Interest | 4,204 | | | | (4,204) |
| Total Governmental Activities | <u>\$387,715</u> | <u>\$26,090</u> | <u>\$112,262</u> | <u>\$67,434</u> | <u>(181,929)</u> |
| General Receipts | | | | | |
| Property Taxes | | | | | 174,650 |
| Grants and Entitlements not Restricted to Specific Purposes | | | | | 43,768 |
| Earnings on Investments | | | | | 5,511 |
| Miscellaneous | | | | | <u>145,675</u> |
| Total General Receipts | | | | | <u>369,604</u> |
| Change in Net Assets | | | | | 187,675 |
| Net Assets Beginning of Year | | | | | <u>613,813</u> |
| Net Assets End of Year | | | | | <u>\$801,488</u> |

See accompanying notes to the financial statements.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

| | <u>General</u> | <u>Gasoline Tax</u> | <u>Fire District</u> | <u>Special Fire Levy</u> | <u>All Other Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------|-------------------------|--------------------------|----------------------------------|----------------------------|---|
| Assets | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$481,981 | \$98,717 | \$56,071 | \$23,347 | \$141,372 | \$801,488 |
| Total Assets | <u>481,981</u> | <u>98,717</u> | <u>56,071</u> | <u>23,347</u> | <u>141,372</u> | <u>801,488</u> |
| Fund Balances | | | | | | |
| Unreserved: | | | | | | |
| Undesignated, Reported in: | | | | | | |
| General Fund | 481,981 | | | | | 481,981 |
| Special Revenue Funds | | 98,717 | 56,071 | 23,347 | 141,372 | 319,507 |
| Total Fund Balances | <u>\$481,981</u> | <u>\$98,717</u> | <u>\$56,071</u> | <u>\$23,347</u> | <u>\$141,372</u> | <u>\$801,488</u> |

See accompanying notes to the financial statements.

RUSHCREEK TOWNSHIP
LOGAN COUNTY

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>General</u> | <u>Gasoline Tax</u> | <u>Fire District</u> | <u>Special Fire Levy</u> | <u>Public Works Commission</u> | <u>All Other Funds</u> | <u>Total Governmental Funds</u> |
|---------------------------------------|------------------|-------------------------|--------------------------|------------------------------|--|----------------------------|---|
| Cash Receipts: | | | | | | | |
| Property and Other Local Taxes | \$35,808 | | \$35,685 | \$63,625 | | \$39,532 | \$174,650 |
| Charges for Services | | | | | | 11,842 | 11,842 |
| Licenses, Permits, and Fees | 691 | | | | | 10,450 | 11,141 |
| Intergovernmental | 43,768 | \$86,201 | 4,502 | 8,119 | \$38,907 | 41,967 | 223,464 |
| Special Assessments | | | | | | 1,357 | 1,357 |
| Earnings on Investments | 4,830 | 617 | | | | 64 | 5,511 |
| Miscellaneous | 136,112 | | 5,181 | | | 6,132 | 147,425 |
| Total Cash Receipts | <u>221,209</u> | <u>86,818</u> | <u>45,368</u> | <u>71,744</u> | <u>38,907</u> | <u>111,344</u> | <u>575,390</u> |
| Cash Disbursements: | | | | | | | |
| Current: | | | | | | | |
| General Government | 97,236 | | | | | | 97,236 |
| Public Safety | 135 | | 39,133 | 1,359 | | 5,551 | 46,178 |
| Public Works | 1,050 | 41,887 | | | | 15,170 | 58,107 |
| Health | | | | | | 10,460 | 10,460 |
| Capital Outlay | | 10,000 | 12,274 | | 38,907 | 59,278 | 120,459 |
| Debt Service: | | | | | | | |
| Principal | | | | 51,071 | | | 51,071 |
| Interest | | | | 4,204 | | | 4,204 |
| Total Cash Disbursements | <u>98,421</u> | <u>51,887</u> | <u>51,407</u> | <u>56,634</u> | <u>38,907</u> | <u>90,459</u> | <u>387,715</u> |
| Excess of Receipts Over Disbursements | 122,788 | 34,931 | (6,039) | 15,110 | | 20,885 | 187,675 |
| Fund Cash Balances, January 1 | <u>359,193</u> | <u>63,786</u> | <u>62,110</u> | <u>8,237</u> | | <u>120,487</u> | <u>613,813</u> |
| Fund Cash Balances, December 31 | <u>\$481,981</u> | <u>\$98,717</u> | <u>\$56,071</u> | <u>\$23,347</u> | <u>\$0</u> | <u>\$141,372</u> | <u>\$801,488</u> |

See accompanying notes to the financial statements.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>Budgeted Amount</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|-------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Property and Other Local Taxes | \$31,900 | \$31,900 | \$35,808 | \$3,908 |
| Licenses, Permits, and Fees | 2,400 | 2,400 | 691 | (1,709) |
| Intergovernmental | 32,000 | 32,000 | 43,768 | 11,768 |
| Earnings on Investments | 3,500 | 3,500 | 4,830 | 1,330 |
| Miscellaneous | 150,000 | 150,000 | 136,112 | (13,888) |
| Total Cash Receipts | <u>219,800</u> | <u>219,800</u> | <u>221,209</u> | <u>1,409</u> |
| Disbursements: | | | | |
| Current: | | | | |
| General Government | 141,540 | 141,540 | 97,236 | 44,304 |
| Public Safety | 2,000 | 2,000 | 135 | 1,865 |
| Public Works | 11,000 | 11,000 | 1,050 | 9,950 |
| Health | 2,400 | 2,400 | | 2,400 |
| Capital Outlay | 60,000 | 60,000 | | 60,000 |
| Total Cash Disbursements | <u>216,940</u> | <u>216,940</u> | <u>98,421</u> | <u>118,519</u> |
| Excess of Receipts Over Disbursements | 2,860 | 2,860 | 122,788 | 119,928 |
| Other Financing (Uses) | | | | |
| Transfers Out | (20,000) | (20,000) | | 20,000 |
| Advancers Out | (30,000) | (30,000) | | 30,000 |
| Total Other Financing (Uses) | <u>(50,000)</u> | <u>(50,000)</u> | | <u>50,000</u> |
| Net Change in Fund Balance | (47,140) | (47,140) | 122,788 | 169,928 |
| Fund Cash Balance, January 1 | <u>359,193</u> | <u>359,193</u> | <u>359,193</u> | |
| Fund Cash Balance, December 31 | <u><u>\$312,053</u></u> | <u><u>\$312,053</u></u> | <u><u>\$481,981</u></u> | <u><u>\$169,928</u></u> |

See accompanying notes to the financial statements.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS - GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>Budgeted Amount</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---------------------------------------|------------------------|------------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Intergovernmental | \$77,000 | \$77,000 | \$86,201 | \$9,201 |
| Earnings on Investments | 300 | 300 | 617 | 317 |
| Total Cash Receipts | <u>77,300</u> | <u>77,300</u> | <u>86,818</u> | <u>9,518</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Public Works | 59,000 | 59,000 | 41,887 | 17,113 |
| Capital Outlay | 10,000 | 10,000 | 10,000 | |
| Total Cash Disbursements | <u>69,000</u> | <u>69,000</u> | <u>51,887</u> | <u>17,113</u> |
| Excess of Receipts Over Disbursements | 8,300 | 8,300 | 34,931 | 26,631 |
| Fund Cash Balance, January 1 | <u>63,786</u> | <u>63,786</u> | <u>63,786</u> | |
| Fund Cash Balance, December 31 | <u><u>\$72,086</u></u> | <u><u>\$72,086</u></u> | <u><u>\$98,717</u></u> | <u><u>\$26,631</u></u> |

See accompanying notes to the financial statements

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS - FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>Budgeted Amount</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--|------------------------|------------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Property and Other Local Taxes | \$34,500 | \$34,500 | \$35,685 | \$1,185 |
| Intergovernmental | 11,500 | 11,340 | 4,502 | (6,838) |
| Miscellaneous | | | 5,181 | 5,181 |
| Total Cash Receipts | <u>46,000</u> | <u>45,840</u> | <u>45,368</u> | <u>(472)</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Public Safety | 52,800 | 52,800 | 39,133 | 13,667 |
| Capital Outlay | 45,000 | 45,000 | 12,274 | 32,726 |
| Total Cash Disbursements | <u>97,800</u> | <u>97,800</u> | <u>51,407</u> | <u>46,393</u> |
| Excess of Receipts (Under) Disbursements | (51,800) | (51,960) | (6,039) | 45,921 |
| Fund Cash Balance, January 1 | <u>62,110</u> | <u>62,110</u> | <u>62,110</u> | |
| Fund Cash Balance, December 31 | <u><u>\$10,310</u></u> | <u><u>\$10,150</u></u> | <u><u>\$56,071</u></u> | <u><u>\$45,921</u></u> |

See accompanying notes to the financial statements.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS - SPECIAL FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | Budgeted Amount | | | (Optional) Variance With Final Budget Positive (Negative) |
|---|------------------------|--------------|---------------|--|
| | Original | Final | Actual | |
| Receipts: | | | | |
| Property and Other Local Taxes | \$61,800 | \$61,800 | \$63,625 | \$1,825 |
| Intergovernmental | 8,000 | 8,000 | 8,119 | 119 |
| Total Cash Receipts | 69,800 | 69,800 | 71,744 | 1,944 |
| Disbursements: | | | | |
| Current: | | | | |
| Public Safety | 2,800 | 2,800 | 1,359 | 1,441 |
| Capital Outlay | 23,000 | 23,000 | | 23,000 |
| Debt Service: | | | | |
| Principal | 50,000 | 50,000 | 51,071 | (1,071) |
| Interest | 6,000 | 6,000 | 4,204 | 1,796 |
| Total Cash Disbursements | 81,800 | 81,800 | 56,634 | 25,166 |
| Excess of Receipts Over (Under) Disbursements | (12,000) | (12,000) | 15,110 | 27,110 |
| Fund Cash Balance, January 1 | 8,237 | 8,237 | 8,237 | |
| Fund Cash Balance, December 31 | (\$3,763) | (\$3,763) | \$23,347 | \$27,110 |

See accompanying notes to the financial statements.

RUSHCREEK TOWNSHIP
LOGAN COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2006

| | <u>Private Purpose Trust</u> |
|--|--------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$7,486 |
| Total Assets | <u>7,486</u> |
| Net Assets | |
| Held in Trust | |
| Restricted | 7,059 |
| Unrestricted | 427 |
| Total Net Assets | <u>\$7,486</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, 2006**

| | <u>Private Purpose Trust</u> |
|------------------------------|--------------------------------------|
| Additions | |
| Interest | <u>\$243</u> |
| Deductions | |
| Health | <u>263</u> |
| Change in Net Assets | (20) |
| Net Assets Beginning of Year | <u>7,506</u> |
| Net Assets End of Year | <u><u>\$7,486</u></u> |

See accompanying notes to the basic financial statements.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

1. REPORTING ENTITY

Rushcreek Township, Logan County, 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 Fiscal Officer.

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 via the Rushcreek Township Volunteer Fire Department. Police protection is provided by the Logan County Sheriff's Office.

The Township's management believes these financial statements present all activities for which 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. In the government-wide financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. 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 balances 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.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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 who are not available to support the Township's own programs. The Township's private purpose trust fund accounts for programs that maintain the cemeteries.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Township are described in the appropriate section in this note.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 liabilities and the related expenses) are not recorded in these financial statements.

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 liabilities and the related expenses) are not recorded in these financial statements.

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, function, 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 on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate 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

Township records identify the purchase of specific investments by specific funds. 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 with an original maturity of three months or less at the time of purchase and investments of the cash management pool 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.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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 2006 was \$4,830 which includes \$2,040 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. The Township did not have restricted assets.

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 any advances during 2006.

J. Accumulated Leave

Unused sick leave balances up to 14 days can be carried over to the following year. Unused 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 7 and 8, 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.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The Township did not have any net assets restricted by enabling legislation.

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. The Township did not have any fund balance reserves.

O. Interfund Transactions

Transfers between governmental and business-type 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 non-operating 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.

3. 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 – Budget 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

4. 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, 2006
(Continued)**

4. 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.

At year end, the Township had no undeposited cash on hand.

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, \$708,974 of the Township's bank balance of \$808,974 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, 2006
(Continued)**

4. 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.

B. Investments

The Township did not have any investments in 2006.

5. 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 in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied on the assessed values as of December 31, 2005, 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 14; if paid semiannually, the first payment is due February 14, 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 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after December 31, 2005, 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 in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after December 31, 2005 on the true value as of December 31, 2005. 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 September 20. 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:

| | |
|-------------------------------|---------------------|
| Real Property | |
| Residential | \$21,894,320 |
| Agricultural | 9,024,490 |
| Commercial/Industrial/Mineral | 582,240 |
| Tangible Personal Property | 735,166 |
| Public Utility | <u>2,740,150</u> |
| Total Assessed Value | <u>\$34,976,366</u> |

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

6. RISK MANAGEMENT

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 governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

A. Casualty Coverage

For an occurrence prior to January 1, 2006 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. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

B. 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.

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 values. 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 2006 was \$1,901,127.

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.

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

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

6. RISK MANAGEMENT (Continued)

C. 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, 2006 and 2005:

| Casualty Coverage | 2006 | 2005 |
|--------------------------|---------------------|---------------------|
| Assets | \$32,031,312 | \$30,485,638 |
| Liabilities | (11,443,952) | (12,344,576) |
| Retained earnings | <u>\$20,587,360</u> | <u>\$18,141,062</u> |
| | | |
| Property Coverage | 2006 | 2005 |
| Assets | \$10,010,963 | \$9,177,796 |
| Liabilities | (676,709) | (1,406,031) |
| Retained earnings | <u>\$ 9,334,254</u> | <u>\$7,771,765</u> |

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$14,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

| Contributions to OTARMA | |
|--------------------------------|----------|
| 2004 | \$9,534 |
| 2005 | \$10,944 |
| 2006 | \$8,894 |

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give 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 contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

7. 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.

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.

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.7 percent, 9.2% was to fund pension obligations.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$7,505, \$7,122, and \$6,677, respectively; 100 percent has been contributed for 2007, 2006, and 2005.

8. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for postretirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2006, local government employer units contributed at 13.70% of covered payroll. The portion of employer contributions for all employers allocated to health care was 4.50 percent. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

Benefits are advance-funded using the entry age normal actuarial cost method. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 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 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.5 percent to 6 percent for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

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.

The Traditional Pension and Combined Plans had 369,214 active contributing participants as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005 actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund other post-employment benefits were \$3,671.

The amount of \$11.1 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2005 (the latest information available). The Actuarial Valuation as of December 31, 2005, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB, based on actuarial cost method used, at \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

9. DEBT

A summary of the note transactions for the year ended December 31, 2006, follows:

During August, 2005, the Township entered into a loan in the amount of \$110,000 to finance the purchase of a Smeal Fire Truck. This loan is payable in semi-annual installments with a maturity in September, 2007. The loan is being paid from the Special Fire Levy Fund.

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

9. DEBT (Continued)

| | Interest Rate | Balance 12/31/2005 | Additions | Reductions | Balance 12/31/2006 |
|-----------------|--------------------------|-------------------------------|------------------|-------------------|-------------------------------|
| Fire Truck Loan | 4% | \$110,000 | \$0 | \$51,071 | \$58,929 |

The following is a summary of the Township's future annual debt service requirements:

| | Loan | |
|-------------|------------------|-----------------|
| Year | Principal | Interest |
| 2007 | \$58,929 | \$1,899 |

The Ohio Revised Code provides that a township shall not incur net indebtedness that exceeds an amount equal to five per cent of its tax valuation and, except as specifically authorized by section 505.262 of the Revised Code or other laws, shall not incur any net indebtedness unless authorized by vote of the electors. The effects of the debt limitation at December 31, 2006, were an overall debt margin of \$1,748,818 and an unvoted debt margin of \$1,689,889.

10. LEASES

In 2006, the Township entered into a one year lease-purchase agreement for a backhoe. The Township made a down payment of \$15,000 in 2006 and financed \$15,312. The annual interest rate is 5.25% and is compounded monthly. The cost of this lease is to be paid by the Gasoline Tax Fund and the Cemetery Fund. The remaining future lease payment is as follows:

| Year | Amount |
|-------------|---------------|
| 2007 | \$16,136 |



Mary Taylor, CPA

Auditor of State

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 the governmental activities, each major fund, and the aggregate remaining fund information of Rushcreek Township, Logan County, (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 15, 2008, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted 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. 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 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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**Internal Control Over Financial Reporting
(Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, we believe the significant deficiencies described above are also material weaknesses.

We also noted a certain internal control matter that we reported to the Township's management in a separate letter dated October 15, 2008.

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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-002.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 15, 2008.

We intend this report solely for the information and use of the management and Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

October 15, 2008

**RUSHCREEK TOWNSHIP
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Material Weakness

Fund Classifications

To help assure the proper presentation and disclosure of fund activity, a township should classify funds according to the reporting requirements of governmental accounting. Governmental accounting requires funds with a trust agreement and principal that cannot be spent to be classified as either a permanent fund or a private purpose trust fund depending on whether the income derived from the principal is to benefit the entity's own operations or to benefit individuals, private organizations, or other governments. If there is a trust agreement and both the principal and income can be spent, the fund should be classified as either a special revenue fund or a private purpose trust fund depending of whether or not the money is to benefit the entity's own operations or to benefit individuals, private organizations, or other governments. Absent a trust agreement, contributions with a restricted purpose should be classified as a special revenue fund.

The Township classified the Jenkins Trust Fund, Maier Trust Fund, Roberts Trust Fund, and Johnston Trust Fund as Permanent Funds. However, these funds have wills (trusts) that indicate the original principal is to be maintained and the income from the principal is to be spent for the upkeep of specified graves. Therefore these funds should be classified as Private Purpose Trust Funds.

The accompanying financial statements have been adjusted to correctly classify these funds. The impact on the fund type balances at December 31 was as follows:

| <u>Year</u> | <u>Fund Type</u> | <u>Amount</u> | <u>Year</u> | <u>Fund Type</u> | <u>Amount</u> |
|-------------|------------------|---------------|-------------|------------------|---------------|
| 2007 | Permanent | (\$7,747) | 2006 | Permanent | (\$7,486) |
| | Private Purpose | 7,747 | | Private Purpose | 7,486 |

The failure to prepare financial statements that correctly classify funds used by the Township not only inhibits the user's ability to fully understand the results of operations but may also result in material financial statement reporting errors. The Township Fiscal Officer should review governmental accounting resources such as the Ohio Township Manual, the UAN Manual, and Auditor of State Bulletin 2005-005 to further the understanding of fund classifications.

FINDING NUMBER 2007-002

Material Weakness/Noncompliance Citation

Ohio Rev. Code, Section 5705.10(D), states, in part, that all revenue derived from a source other than the 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. In 2007, the Township recorded \$2,687 in homestead and rollback receipts, which were derived from the Special Fire Levy, to the Fire Fund instead of to the Special Fire Levy Fund.

**FINDING NUMBER 2007-002
(Continued)**

The failure to record restricted revenues in the correct fund may violate the imposed restriction on the revenue, may also result in the material misstatement of the financial statements, may impact the Township's ability to make sound financial decisions, and may inhibit the users understanding of the financial statements.

The accompanying financial statements have been adjusted to correctly classify this revenue. Fund balances at December 31 were impacted as follows:

| <u>Fund</u> | <u>2007</u> | <u>Amount</u> |
|-------------------|-------------|---------------|
| Fire District | Decrease | (\$2,687) |
| Special Fire Levy | Increase | 2,687 |

The Township Fiscal Officer should utilize resources such as the Ohio Revised Code, Chapter 1 of the Ohio Compliance Supplement, the UAN Manual, and the Ohio Township Manual to provide guidance on the recording of revenues. In addition, the Township should implement review and monitoring procedures to help provide that revenues are recorded in the correct fund and that revenues are properly classified.

OFFICIALS RESPONSE:

We did not receive a response from Officials to the findings reported above.



Mary Taylor, CPA
Auditor of State

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 2, 2008**