

RUSHCREEK TOWNSHIP
LOGAN COUNTY, OHIO

Audited Financial Statements

For the Years Ended December 31, 2011 and 2010



Dave Yost • Auditor of State

Board of Trustees
Rushcreek Township
6143 County Road 20
Rushsylvania, Ohio 43347

We have reviewed the *Independent Accountants' Report* of the Rushcreek Township, Logan County, prepared by Van Kregel and Company, CPA's, for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

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

Dave Yost
Auditor of State

January 14, 2013

This page intentionally left blank.

Rushcreek Township
Logan County, Ohio

Table of Contents

| <u>TITLE</u> | <u>PAGE</u> |
|---|-------------|
| Independent Accountants' Report..... | 1 |
| Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances-All Governmental Fund Types For the Year Ended December 31, 2011..... | 3 |
| Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances-Fiduciary Fund Types For the Year Ended December 31, 2011..... | 4 |
| Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances-All Governmental Fund Types For the Year Ended December 31, 2010..... | 5 |
| Combined Statement of Cash Receipts, Cash Disbursements And Changes in Fund Balances-Fiduciary Fund Types For the Year Ended December 31, 2010..... | 6 |
| Notes to the Financial Statements..... | 7 |
| Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 17 |
| Schedule of Prior Audit Findings..... | 19 |



INDEPENDENT ACCOUNTANTS' REPORT

Rushcreek Township
Logan County, Ohio
6143 County Road 20
Rushsylvania, Ohio 43347-9748

To the Board of Trustees:

We have audited the accompanying financial statements of Rushcreek Township, Logan County, Ohio, (the Township), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Township's larger (i.e., major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require, Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

P
U
B
L
I
C
A
C
C
O
U
N
T
A
N
T
S

Rushcreek Township
Logan County
Independent Accountants' Report
Page 2

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Rushcreek Township, Logan County, Ohio as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

For the years ended December 31, 2011 and 2010, the Township revised its financial statements to accounting practices prescribed or permitted by the Auditor of State.

As described in Note 2, during 2011, Rushcreek Township adopted Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2012, 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.



Van Krevel & Company
Dublin, Ohio

November 28, 2012

Rushcreek Township
Logan County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2011

| | Governmental Fund Types | | | | Totals (Memorandum Only) |
|---|-------------------------|--------------------------|---------------------|---------------------|--------------------------------|
| | General | Special Revenue | Capital Projects | Permanent | |
| Cash Receipts: | | | | | |
| Property and Other Local Taxes | \$ 34,786 | \$ 74,582 | | \$ - | \$ 109,368 |
| Charges for Services | - | 7,350 | | | 7,350 |
| Licenses, Permits, and Fees | 1,360 | 4,000 | | - | 5,360 |
| Intergovernmental Receipts | 36,510 | 115,796 | 18,704 | - | 171,010 |
| Special Assessments | - | 1,122 | | | 1,122 |
| Earnings on Investments | 2,894 | 108 | | | 3,002 |
| Miscellaneous | 54,275 | 3,075 | | - | 57,350 |
| Total Cash Receipts | <u>129,825</u> | <u>206,033</u> | <u>18,704</u> | <u>-</u> | <u>354,562</u> |
| Cash Disbursements: | | | | | |
| Current: | | | | - | |
| General Government | 110,775 | - | | - | 110,775 |
| Public Safety | - | 43,425 | | - | 43,425 |
| Public Works | 36,756 | 101,944 | | - | 138,700 |
| Health | 16,200 | 7,345 | | 1 | 23,546 |
| Capital Outlay | - | 16,775 | 18,704 | - | 35,479 |
| Total Cash Disbursements | <u>163,731</u> | <u>169,489</u> | <u>18,704</u> | <u>1</u> | <u>351,925</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>(33,906)</u> | <u>36,544</u> | <u>-</u> | <u>(1)</u> | <u>2,637</u> |
| Fund Cash Balances, January 1 | 656,511 | 196,449 | - | 20 | 852,980 |
| Fund Cash Balances, December 31 | <u>\$622,605</u> | <u>\$ 232,993</u> | <u>\$ -</u> | <u>\$ 19</u> | <u>\$ 855,617</u> |
| Restricted | | 232,993 | | 19 | 233,012 |
| Committed | | | | | - |
| Assigned | | | | | - |
| Unassigned (Deficit) | 622,605 | | - | | 622,605 |
| Fund Cash Balances, December 31 | <u>\$622,605</u> | <u>\$ 232,993</u> | <u>\$ -</u> | <u>\$ 19</u> | <u>\$ 855,617</u> |

Rushcreek Township
 Logan County, Ohio
 Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
 Fiduciary Fund Types
 For the Year Ended December 31, 2011

| | Private Purpose Trust | Totals (Memorandum Only) |
|---|--------------------------------------|---|
| Non-Operating Cash Receipts: | | |
| Earnings on Investments | 73 | 73 |
| Total Non-Operating Receipts | 73 | 73 |
| Operating Cash Disbursements | | |
| Supplies and Materials | 23 | 23 |
| Total Operating Cash Disbursements | 23 | 23 |
| Total Cash Receipts Over/(Under) Cash Disbursements | 50 | 50 |
| Fund Cash Balances, January 1 | 8,180 | 8,180 |
| Fund Cash Balances, December 31 | \$ 8,230 | \$ 8,230 |

+

Rushcreek Township
 Logan County, Ohio
 Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
 All Governmental Fund Types
 For the Year Ended December 31, 2010

| | Governmental Fund Types | | | | Totals (Memorandum Only) |
|---|-------------------------|--------------------|---------------------|--------------|--------------------------------|
| | General | Special Revenue | Capital Projects | Permanent | |
| Cash Receipts: | | | | | |
| Property and Other Local Taxes | \$ 34,337 | \$ 71,590 | \$ - | \$ - | \$ 105,927 |
| Charges for Services | | 13,167 | - | - | 13,167 |
| Licenses, Permits, and Fees | 550 | 5,767 | | - | 6,317 |
| Intergovernmental Receipts | 27,929 | 124,380 | 61,469 | | 213,778 |
| Special Assessments | | 1,272 | | | 1,272 |
| Earnings on Investments | 4,726 | 177 | | - | 4,903 |
| Miscellaneous | 50,419 | 4,204 | | - | 54,623 |
| Total Cash Receipts | 117,961 | 220,557 | 61,469 | - | 399,987 |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| General Government | 120,484 | | | - | 120,484 |
| Public Safety | 300 | 44,820 | | - | 45,120 |
| Public Works | 56,007 | 143,095 | | 2 | 199,104 |
| Health | 255 | 10,911 | | - | 11,166 |
| Capital Outlay | 1,800 | 20,599 | 61,469 | | 22,399 |
| Total Cash Disbursements | 178,846 | 219,425 | 61,469 | 2 | 459,740 |
| Total Cash Receipts Over/(Under) Cash Disbursements | (60,885) | 1,132 | - | (2) | (59,753) |
| Fund Cash Balances, January 1 | 717,396 | 195,317 | - | 22 | 912,735 |
| Fund Cash Balances, December 31 | \$656,511 | \$196,449 | \$ - | \$ 20 | \$ 852,980 |

Rushcreek Township
 Logan County, Ohio
 Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
 Fiduciary Fund Types
 For the Year Ended December 31, 2010

| | Private Purpose Trust | Totals (Memorandum Only) |
|---|--------------------------------------|---|
| Non-Operating Cash Receipts: | | |
| Earnings on Investments | 125 | 125 |
| Total Non-Operating Receipts | 125 | 125 |
| Operating Cash Disbursements | | |
| Supplies and Materials | 24 | 24 |
| Total Operating Cash Disbursements | 24 | 24 |
| Total Cash Receipts Over/(Under) Cash Disbursements | 101 | 101 |
| Fund Cash Balances, January 1 | 8,079 | 8,079 |
| Fund Cash Balances, December 31 | \$ 8,180 | \$ 8,180 |

Rushcreek Township
Logan County, Ohio

Notes to the Financial Statements
December 31, 2011 and 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Rushcreek Township, Logan County, (the Township) as a body corporate and politic. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance and cemetery maintenance. The Township provides fire and ambulance services via the Rushcreek Township Volunteer Fire Department. Police protection is provided by the Logan County Sheriff's Office.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. Note 6 to the financial statements provides additional information for this entity.

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

B Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C Deposits

All available funds of the Township are in an interest bearing checking account and a certificate of deposit.

Rushcreek Township
Logan County, Ohio

Notes to the Financial Statements
December 31, 2011 and 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Fund Accounting

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

1 General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2 Special Revenue Funds

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

Gasoline Tax Fund – This fund receives gasoline tax monies to pay for constructing, maintaining and repairing Township roads.

Road and Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining and repairing Township roads.

Fire District Fund – This fund receives property tax monies used for fire and ambulance services.

3 Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Issue 11 Paving – This fund accounts for the Ohio Public Works Commission Issue II paving project overseen by the County on behalf of the Township.

County Sales Tax Fund – The Township is allocated a portion of the sales tax revenues collected by Logan County and spent on behalf of the Township by the County to maintain roads.

Rushcreek Township
Logan County, Ohio

Notes to Financial Statements
December 31, 2011 and 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Fund Accounting (continued)

4 Fiduciary Funds

Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township had the following significant private purpose trust fund:

Cemetery Bequest Fund – The amount donated is to be maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donors.

E Budgetary Process (continued)

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

1 Appropriations

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

2 Estimated Resources

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

3 Encumbrances

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

A summary of the 2011 and 2010 budgetary activity appears in Note 4.

Rushcreek Township
Logan County, Ohio

Notes to Financial Statements
December 31, 2011 and 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F Fund Balance

For December 31, 2011, the fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

Non Spendable – The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

Restricted – A fund balance is restricted when constraints placed on the use of resources are either externally imposed by credits (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.

Committed – Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Township Trustees or a Township official delegated that authority by resolution or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned and the unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Rushcreek Township
Logan County, Ohio

Notes to Financial Statements
December 31, 2011 and 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G Property, Plant and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

NOTE 2 CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2011, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 54. Additionally, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the Auditor of State's Office. Neither of these changes had any effect on fund balances previously reported.

NOTE 3 EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash pool and investment pool all funds use. Investments in certificate of deposits are restricted to the principal of the nonexpendable trust funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

| | <u>2011</u> | <u>2010</u> |
|-------------------------|------------------|------------------|
| Demand Deposits | \$856,788 | \$854,101 |
| Certificates of Deposit | <u>7,059</u> | <u>7,059</u> |
| Total Deposits | <u>\$863,847</u> | <u>\$861,160</u> |

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

Rushcreek Township
Logan County, Ohio

Notes to Financial Statements
December 31, 2011 and 2010

NOTE 4 BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2011, follows:

| 2011 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 128,000 | \$ 129,825 | \$ 1,825 |
| Special Revenue | 226,042 | 206,033 | (20,009) |
| Capital Projects | 20,000 | 18,704 | (1,296) |
| Trust | 76 | 73 | (3) |
| Totals | \$ 374,118 | \$ 354,635 | \$ (19,483) |

| 2011 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 354,550 | \$ 163,731 | \$ 190,819 |
| Special Revenue | 291,914 | 169,489 | 122,425 |
| Capital Projects | 20,000 | 18,704 | 1,296 |
| Permanent | 10 | 1 | 9 |
| Trust | 63 | 23 | 40 |
| Totals | \$ 666,537 | \$ 351,948 | \$ 314,589 |

Budgetary activity for the year ending December 31, 2010, follows:

| 2010 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 120,000 | \$ 117,961 | \$ (2,039) |
| Special Revenue | 234,552 | 220,557 | (13,995) |
| Capital Projects | 65,000 | 61,469 | (3,531) |
| Trust | 79 | 125 | 46 |
| Totals | \$ 419,631 | \$ 400,112 | \$ (19,519) |

Rushcreek Township
Logan County, Ohio

Notes to Financial Statements
December 31, 2011 and 2010

NOTE 4 BUDGETARY ACTIVITY

| 2010 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|--------------------------------|-------------------------------|-------------------|
| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
| General | \$ 474,140 | \$ 178,846 | \$ 295,294 |
| Special Revenue | 343,727 | 219,425 | 124,302 |
| Capital Projects | 65,000 | 61,469 | 3,531 |
| Permanent | 20 | 2 | 18 |
| Trust | 868 | 24 | 844 |
| Totals | <u>\$ 883,755</u> | <u>\$ 459,766</u> | <u>\$ 423,989</u> |

NOTE 5 PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utilities are also taxed on personal and real property located within the Township.

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

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

Rushcreek Township
Logan County, Ohio

Notes to Financial Statements
December 31, 2011 and 2010

NOTE 5 RETIREMENT SYSTEM

The Township's officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS participants contributed 10.0% of their gross salaries, and the Township contributed an amount equal to 14.0% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

NOTE 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc., (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primarily liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Rushcreek Township
Logan County, Ohio

Notes to Financial Statements
December 31, 2011 and 2010

NOTE 6 RISK MANAGEMENT (continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2011 and 2010:

| | <u>2011</u> | <u>2010</u> |
|-------------|---------------------|---------------------|
| Assets | \$35,086,165 | \$35,855,252 |
| Liabilities | <u>(9,718,792)</u> | <u>(10,664,724)</u> |
| Net Assets | <u>\$25,367,373</u> | <u>\$25,190,528</u> |

At December 31, 2011 and 2010, respectively, liabilities above include approximately \$9.1 million and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 million and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$6,000.

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.

| <u>Year</u> | <u>Contribution</u> |
|-------------|---------------------|
| 2011 | \$8,225 |
| 2010 | 7,996 |

Rushcreek Township
Logan County, Ohio

Notes to Financial Statements
December 31, 2011 and 2010

NOTE 6 RISK MANAGEMENT (continued)

After one year of membership, a member may withdraw on the anniversary of the date they joined OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

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

Rushcreek Township
Logan County, Ohio
6143 County Road 20
Rushsylvania, Ohio 43347-9748

To the Board of Trustees:

We have audited the financial statements of Rushcreek Township, Logan County, Ohio, (the Township), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated November 28, 2012. wherein we noted that the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

P
U
B
L
I
C
A
C
C
O
U
N
T
A
N
T
S

Rushcreek Township
Logan County, Ohio
Independent Accountants' Report on Internal Control over
Financial Reporting and on Compliance with Other Matters
Required by *Government Auditing Standards*

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 28, 2012.

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

Van Krevel & Company

Van Krevel & Company
Dublin, Ohio

November 28, 2012

Rushcreek Township
Logan County

Schedule of Prior Audit Findings
December 31, 2011 and 2010

| <u>Finding</u> | <u>Description</u> | <u>Fully Corrected</u> |
|----------------|---------------------------------|------------------------|
| 2009-001 | Recording of Financial Activity | Yes |



Dave Yost • 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
JANUARY 24, 2013**