

RUSHCREEK TOWNSHIP
LOGAN COUNTY, OHIO

Audited Financial Statements

For the Years Ended December 31, 2017 and 2016



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of Rushcreek Township, Logan County, prepared by Van Krevel and Company, CPA's, for the audit period January 1, 2016 through December 31, 2017. 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.

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. Rushcreek Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

July 17, 2018

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Rushcreek Township
Logan County, Ohio

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Rushcreek Township, Logan County, Ohio (the Township), as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions that Ohio Revised Code Section 117.38 and Ohio Administrative Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U S Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2017 and 2016, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Rushcreek Township, Logan County, as of December 31, 2017 and 2016, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Van Krenel + Company

Rushcreek Township
Logan County, Ohio
Combined Statement of Receipts, Disbursements and Changes in Fund Balances
(Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Capital Projects	Permanent	(Memorandum Only)
Cash Receipts:					
Property and Other Local Taxes	\$ 48,387	\$ 83,811		\$ -	\$ 132,198
Charges for Services	-	16,460			16,460
Licenses, Permits, and Fees	350	5,181		-	5,531
Intergovernmental Receipts	24,044	114,503	34,136	-	172,683
Special Assessments		1,339			1,339
Earnings on Investments	2,717	178			2,895
Miscellaneous	126,690	34,077		-	160,767
Total Cash Receipts	<u>202,188</u>	<u>255,549</u>	<u>34,136</u>	<u>-</u>	<u>491,873</u>
Cash Disbursements:					
Current:				-	
General Government	111,219	-		-	111,219
Public Safety	-	78,154		-	78,154
Public Works	-	118,180		-	118,180
Health	25,357	16,181		-	41,538
Capital Outlay	760	7,175	34,136	-	42,071
Total Cash Disbursements	<u>137,336</u>	<u>219,690</u>	<u>34,136</u>	<u>-</u>	<u>391,162</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>64,852</u>	<u>35,859</u>	<u>-</u>	<u>-</u>	<u>100,711</u>
Fund Cash Balances, January 1	<u>831,540</u>	<u>379,768</u>	<u>-</u>	<u>19</u>	<u>1,211,327</u>
Fund Cash Balances, December 31	<u>\$ 896,392</u>	<u>\$ 415,627</u>	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ 1,312,038</u>
Restricted		415,627		19	415,646
Committed					-
Assigned	28,970				28,970
Unassigned (Deficit)	<u>867,422</u>		<u>-</u>		<u>867,422</u>
Fund Cash Balances, December 31	<u>\$ 896,392</u>	<u>\$ 415,627</u>	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ 1,312,038</u>

Rushcreek Township
 Logan County, Ohio
 Combined Statement of Receipts, Disbursements and Changes in Fund Balances
 (Regulatory Cash Basis)
 Fiduciary Fund Types
 For the Year Ended December 31, 2017

	Private Purpose Trust	Totals (Memorandum Only)
Operating Cash Receipts:		
Earnings on Investments	27	27
Total Operating Receipts	27	27
Operating Cash Disbursements		
Supplies and Materials	-	-
Total Operating Cash Disbursements	-	-
Total Cash Receipts Over/(Under) Cash Disbursements	27	27
Fund Cash Balances, January 1	8,340	8,340
Fund Cash Balances, December 31	\$ 8,367	\$ 8,367

Rushcreek Township
Logan County, Ohio
Notes to the Financial Statements
December 31, 2017

NOTE 1 REPORTING 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. A publicly-elected three-member Board of Trustees directs the Township.

The Township provides road and bridge maintenance and cemetery maintenance. The Township provides fire protection and emergency medical services via the Rushcreek Township Volunteer Fire Department. Police protection is provided by the Logan County Sheriff's Office.

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

The Township participates in a public entity risk pool. 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose, provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds from specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund – This fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Rushcreek Township
Logan County, Ohio
Notes to the Financial Statements
December 31, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B Fund Accounting (continued)

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

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

Capital Projects Funds These funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

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

Fiduciary Funds Fiduciary funds include private purpose trust funds. Trust 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's private purpose trust funds are for the benefit of the Jenkins, Maier, Roberts, and Johnston grave sites in Rushcreek Township cemeteries.

C Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

D Budgetary Process

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

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

Rushcreek Township
Logan County, Ohio
Notes to the Financial Statements
December 31, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Budgetary Process (continued)

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

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

A summary of the 2017 budgetary activity appears in Note 3

E Deposits and Investments

The Township's accounting basis includes investment as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

F Capital Assets

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

G 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.

H Fund Balance

Fund balance is divided into five classifications, based primarily on the extent to which the Township must observe constraints 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 – Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Rushcreek Township
Logan County, Ohio
Notes to the Financial Statements
December 31, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H Fund Balance (continued)

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 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 then 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 the Financial Statements
December 31, 2017

NOTE 3 BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2017, follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 195,000	\$ 202,188	\$ 7,188
Special Revenue	218,922	255,549	36,627
Capital Projects	34,136	34,136	-
Trust	26	27	1
Totals	\$ 448,084	\$ 491,900	\$ 43,816

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 691,000	\$ 137,336	\$ 553,664
Special Revenue	481,600	219,690	261,910
Capital Projects	34,136	34,136	-
Permanent	18	-	18
Trust	142	-	142
Totals	\$ 1,206,896	\$ 391,162	\$ 815,734

NOTE 4 DEPOSITS AND INVESTMENTS

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

Demand Deposits	2017 \$1,313,346
Certificates of Deposit	7,059
Total Deposits	\$1,320,405

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

Rushcreek Township
Logan County, Ohio
Notes to the Financial Statements
December 31, 2017

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 March 1. If the property owner elects to pay semiannually, the first half is due March 1. The second half payment is due the following July 12.

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

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

NOTE 6 RISK MANAGEMENT

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. York Risk Pooling Services, Inc.(formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting, claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP) which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017 OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Rushcreek Township
Logan County, Ohio
Notes to the Financial Statements
December 31, 2017

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 retained earnings at December 31, 2017.

	<u>2017</u>
Assets	\$ 40,010,732
Liabilities	<u>\$ 8,675,465</u>
Net Position	<u>\$ 31,335,267</u>

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$4,000.

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.

2017 Contributions to OTARMA \$8,501

After one year of membership, a member may withdraw on the anniversary of the date of joining 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.

NOTE 7 DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

Rushcreek Township
Logan County, Ohio
Notes to the Financial Statements
December 31, 2017

NOTE 7 DEFINED BENEFIT PENSION PLANS (continued)

Ohio Public Employees Retirement System (continued)

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10% of their gross salaries, and the Township contributed an amount equal to 14% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Social Security

Two of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

NOTE 8 POST-EMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit post-employment plans, which include multiple health care plans, including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1% during calendar year 2017.

Rushcreek Township
 Logan County, Ohio
 Combined Statement of Receipts, Disbursements and Changes in Fund Balances
 (Regulatory Cash Basis)
 All Governmental Fund Types
 For the Year Ended December 31, 2016

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Property and Other Local Taxes	\$ 44,333	\$ 81,384	\$ -	\$ -	\$ 125,717
Charges for Services		13,138	-	-	13,138
Licenses, Permits, and Fees	1,605	9,308		-	10,913
Intergovernmental Receipts	22,227	113,920	29,489		165,636
Special Assessments		1,896			1,896
Earnings on Investments	2,184	124		-	2,308
Miscellaneous	127,188	2,439		-	129,627
Total Cash Receipts	<u>197,537</u>	<u>222,209</u>	<u>29,489</u>	<u>-</u>	<u>449,235</u>
Cash Disbursements:					
Current:					
General Government	113,794			-	113,794
Public Safety		46,791		-	46,791
Public Works		116,692		-	116,692
Health	21,901	20,813		-	42,714
Capital Outlay		13,142	29,489		42,631
Total Cash Disbursements	<u>135,695</u>	<u>197,438</u>	<u>29,489</u>	<u>-</u>	<u>362,622</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>61,842</u>	<u>24,771</u>	<u>-</u>	<u>-</u>	<u>86,613</u>
Fund Cash Balances, January 1	769,698	354,997	-	19	1,124,714
Fund Cash Balances, December 31	<u>\$ 831,540</u>	<u>\$379,768</u>	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ 1,211,327</u>
Restricted		379,768		19	379,787
Committed					
Assigned					
Unassigned (Deficit)	831,540				831,540
Fund Cash Balances, December 31	<u>\$ 831,540</u>	<u>\$379,768</u>	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ 1,211,327</u>

Rushcreek Township
 Logan County, Ohio
 Combined Statement of Receipts, Disbursements and Changes in Fund Balances
 (Regulatory Cash Basis)
 Fiduciary Fund Types
 For the Year Ended December 31, 2016

	Private Purpose Trust	Totals (Memorandum Only)
Operating Cash Receipts:		
Earnings on Investments	27	27
Total Operating Receipts	<u>27</u>	<u>27</u>
Operating Cash Disbursements		
Supplies and Materials		-
Total Operating Cash Disbursements	-	-
Total Cash Receipts Over/(Under) Cash Disbursements	<u>27</u>	<u>27</u>
Fund Cash Balances, January 1	8,313	8,313
Fund Cash Balances, December 31	<u>\$ 8,340</u>	<u>\$ 8,340</u>

Rushcreek Township
Logan County, Ohio
Notes to the Financial Statements
December 31, 2016

NOTE 1 REPORTING 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. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township provides fire protection and emergency medical services via the Rushcreek Township Volunteer Fire Department. Police protection is provided by the Logan County Sheriff's Office.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Basis of Presentation

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B Fund Accounting

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General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose, provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds from specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund – This fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Rushcreek Township
Logan County, Ohio
Notes to the Financial Statements
December 31, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B Fund Accounting (continued)

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

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

Capital Projects Funds These funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

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Fiduciary Funds

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The Township's private purpose trust funds are for the benefit of the Jenkins, Maier, Roberts, and Johnston grave sites in Rushcreek Township cemeteries.

C Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

D Budgetary Process

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

Rushcreek Township
Logan County, Ohio
Notes to the Financial Statements
December 31, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Budgetary Process (continued)

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

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

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

A summary of the 2016 budgetary activity appears in Note 3.

E Deposits and Investments

The Township's accounting basis includes investment as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

F Capital Assets

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

G 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.

H Fund Balance

Fund balance is divided into five classifications, based primarily on the extent to which the Township must observe constraints 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 – Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Rushcreek Township
Logan County, Ohio
Notes to the Financial Statements
December 31, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H Fund Balance (continued)

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 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 the Financial Statements
December 31, 2016

NOTE 3 BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2016, follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 190,000	\$ 197,537	\$ 7,537
Special Revenue	214,142	222,209	8,067
Capital Projects	29,489	29,489	-
Trust	24	27	3
Totals	\$ 433,655	\$ 449,262	\$ 15,607

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 690,460	\$ 135,695	\$ 554,765
Special Revenue	482,442	197,438	285,004
Capital Projects	29,489	29,489	-
Permanent	18	-	18
Trust	229	-	229
Totals	\$ 1,202,638	\$ 362,622	\$ 840,016

NOTE 4 DEPOSITS AND INVESTMENTS

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

	2016
Demand Deposits	\$1,212,608
Certificates of Deposit	<u>7,059</u>
Total Deposits	<u>\$1,219,667</u>

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 the Financial Statements
December 31, 2016

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 February 24. If the property owner elects to pay semiannually, the first half is due February 24. The second half payment is due the following July 13.

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

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

NOTE 6 RISK MANAGEMENT

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting, claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP) which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016 OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Rushcreek Township
 Logan County, Ohio
 Notes to the Financial Statements
 December 31, 2016

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 retained earnings at December 31, 2016.

	<u>2016</u>
Assets	\$ 38,473,283
Liabilities	<u>\$ 8,244,140</u>
Net Position	<u>\$ 30,229,143</u>

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township’s share of these unpaid claims collectible in future years is approximately \$4,000.

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.

2016 Contributions to OTARMA \$8,436

After one year of membership, a member may withdraw on the anniversary of the date of joining 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.

NOTE 7 DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

Rushcreek Township
Logan County, Ohio

Notes to the Financial Statements
December 31, 2016

NOTE 7 DEFINED BENEFIT PENSION PLANS (continued)

Ohio Public Employees Retirement System (continued)

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10% of their gross salaries, and the Township contributed an amount equal to 14% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Social Security

One of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

NOTE 8 POST-EMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit post-employment plans, which include multiple health care plans, including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care or OPERS members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016.



CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Rushcreek Township, Logan County, Ohio (the Township), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 22, 2018, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 a combination of internal control deficiencies, resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. *A significant* deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Van Knevel + Company

Dublin, Ohio

June 22, 2018

Rushcreek Township
Logan County
Schedule of Findings
December 31, 2017 and 2016

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

Finding Number 2017-001

Deficiency

Government Accounting Standards Board (GASB) Statement No. 54 for Fund Balance Reporting (as discussed in AOS Bulletin 2011-004) defines the fund balance classifications related to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned. This Statement requires that when the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. Stated differently, if appropriations (temporary or annual) exceed estimated receipts (not resources), the excess is to be assigned as it uses existing fund balance at year-end. This would be applicable to the General Fund as it is the only fund with a positive unassigned fund balance.

The Township did not include the excess of appropriations to estimated receipts as an assigned fund balance in the General Fund at December 31, 2017. This resulted in an adjustment of \$28,970 at December 31, 2017 from unassigned to assigned fund balance. As a result, an audit adjustment, to which management has agreed, is reflected in the accompanying financial statements.

We recommend that the Township report fund balances on their financial statements in accordance with GASB Statement No. 54. The Township may review Auditor of State Bulletin 2011-004 for further guidance on classifying the Township's fund balances and properly reporting fund balances in their annual financial statements.

Official's Response: We did not receive a response from Officials to this finding.

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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
JULY, 31 2018**