



**Auditor of State  
Betty Montgomery**



RUSHCREEK TOWNSHIP  
FAIRFIELD COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Rushcreek Township  
Fairfield County  
213 Marietta Street  
Bremen, Ohio 43107

To the Board of Trustees:

We have audited the accompanying financial statements of Rushcreek Township, Fairfield County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Rushcreek Township, Fairfield County, as of December 31, 2002, and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2003, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Rushcreek Township  
Fairfield County  
Independent Accountants' Report  
Page 2

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

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

**BETTY MONTGOMERY**  
Auditor of State

May 7, 2003

**RUSHCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$23,980	\$460,132	\$484,112
Intergovernmental	54,380	121,216	175,596
Licenses, Permits, and Fees	0	3,850	3,850
Earnings on Investments	2,591	2,591	5,182
Other Revenue	1,148	18,066	19,214
	<u>82,099</u>	<u>605,855</u>	<u>687,954</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	74,865	282,363	357,228
Public Safety	0	14,002	14,002
Public Works	0	183,552	183,552
Health	8,178	0	8,178
Debt Service:			
Redemption of Principal	0	13,911	13,911
Interest and Fiscal Charges	0	3,779	3,779
Capital Outlay	685	286,005	286,690
	<u>83,728</u>	<u>783,612</u>	<u>867,340</u>
Total Receipts (Under) Disbursements	<u>(1,629)</u>	<u>(177,757)</u>	<u>(179,386)</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Other Debt Proceeds	0	71,000	71,000
Advances In	1,500	1,500	3,000
Advances Out	(1,500)	(1,500)	(3,000)
	<u>0</u>	<u>71,000</u>	<u>71,000</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(1,629)	(106,757)	(108,386)
Fund Cash Balances, January 1	16,119	271,203	287,322
<b>Fund Cash Balances, December 31</b>	<u><b>\$14,490</b></u>	<u><b>\$164,446</b></u>	<u><b>\$178,936</b></u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$1,655</u>	<u>\$1,655</u>

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

**RUSHCREEK TOWNSHIP  
FAIRFIELD COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$21,305	\$462,207	\$483,512
Intergovernmental	71,578	118,767	190,345
Licenses, Permits, and Fees	0	2,560	2,560
Earnings on Investments	3,351	3,351	6,702
Other Revenue	1,330	5,588	6,918
	<u>97,564</u>	<u>592,473</u>	<u>690,037</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	119,862	243,283	363,145
Public Safety	0	9,370	9,370
Public Works	0	130,294	130,294
Health	7,284	0	7,284
Debt Service:			
Redemption of Principal	0	117,858	117,858
Interest and Fiscal Charges	0	3,296	3,296
Capital Outlay	109	129,178	129,287
	<u>127,255</u>	<u>633,279</u>	<u>760,534</u>
Total Receipts (Under) Disbursements	<u>(29,691)</u>	<u>(40,806)</u>	<u>(70,497)</u>
<b>Other Financing Receipts:</b>			
Proceeds from Notes	0	99,750	99,750
	<u>0</u>	<u>99,750</u>	<u>99,750</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(29,691)	58,944	29,253
Fund Cash Balances, January 1	<u>45,810</u>	<u>212,259</u>	<u>258,069</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$16,119</u></b>	<b><u>\$271,203</u></b>	<b><u>\$287,322</u></b>
Reserves for Encumbrances, December 31	<u>\$32</u>	<u>\$661</u>	<u>\$693</u>

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

**RUSHCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

The Township had no investments during 2001 or 2002. The Township maintained an interest bearing checking account.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

*Road Improvement Levy Fund* - This fund receives levy proceeds for constructing, maintaining, and repairing Township roads.

*Fire Operating Levy Fund* - This fund receives levy proceeds for general operations of the Township's fire department.

**RUSHCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered 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 carried over, and need not be reappropriated. The Township did not encumber all commitments as required by Ohio law.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH**

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

	<u>2002</u>	<u>2001</u>
Demand deposits	<u>\$178,936</u>	<u>\$287,322</u>

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

**RUSHCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$98,142	\$83,599	(\$14,543)
Special Revenue	577,263	678,355	101,092
Total	\$675,405	\$761,954	\$86,549

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$114,261	\$85,228	\$29,033
Special Revenue	848,467	786,767	61,700
Total	\$962,728	\$871,995	\$90,733

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$99,572	\$97,564	(\$2,008)
Special Revenue	574,886	692,223	117,337
Total	\$674,458	\$789,787	\$115,329

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$145,382	\$127,287	\$18,095
Special Revenue	787,145	633,940	153,205
Total	\$932,527	\$761,227	\$171,300

**4. PROPERTY TAX**

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

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

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

**RUSHCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**5. DEBT**

At December 31, 2002, the Township had two promissory notes outstanding:

	Principal	Interest Rate
Promissory Note (Truck)	\$64,796	5.25%
Promissory Note (Backhoe)	18,895	5.75%
Total	\$83,691	

The Township issued a \$71,000 promissory note on February 18, 2002, to purchase a truck. This note has an interest rate of 5.25% and will mature on February 18, 2007. The note is being repaid in semi-annual installments of \$8,179, including interest and is secured by the full faith and credit of the Township.

The Township issued a \$47,552 promissory note on August 25, 1998, to purchase a new backhoe. This note has an interest rate of 5.75% and will mature on October 15, 2003. The note is being repaid in annual installments of \$9,510, including interest and is secured by the full faith and credit of the Township.

The Township issued a \$99,750 short-term promissory note on March 12, 2001, to purchase an emergency vehicle. This note had an interest rate of 6% and was paid in full on April 16, 2001.

Amortization of the above debt, including interest, is scheduled as follows:

	Promissory Notes
Year ending December 31:	
2003	\$36,339
2004	16,358
2005	16,358
2006	16,358
2007	8,179
Total	\$93,592

**6. RETIREMENT SYSTEM**

The Township's two full-time employees and elected officials belong to the Public Employees Retirement System (PERS). PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries in 2001 and 2002. The Township has paid all contributions required through December 31, 2002.

**RUSHCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**7. RISK MANAGEMENT**

**Risk Pool Membership**

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

Casualty Coverage

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

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

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.

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, which is the latest information available:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>\$9,379,003</u>	<u>\$8,924,977</u>
Retained Earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>\$647,667</u>	<u>\$497,831</u>
Retained Earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

The Township also provides health insurance to its two full-time employees, one trustee, and the fire chief through private carriers. This coverage cost the Township approximately \$2,900 per month.

**RUSHCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**8. JOINTLY GOVERNED ORGANIZATION**

The Township appoints a person to represent the Township on the 47 member board of the Fairfield Regional Planning Commission. The Township pays a small membership fee annually of approximately \$400. The fee is based on the per capita of the Township. There is no ongoing financial interest or responsibility by the Township.



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Rushcreek Township  
Fairfield County  
213 Marietta Street  
Bremen, Ohio 43107

To the Board of Trustees:

We have audited the accompanying financial statements of Rushcreek Township, Fairfield County, Ohio (the Township), as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated May 7, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 7, 2003.

#### **Internal Control Over Financial Reporting**

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

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in the report, that we have reported to management of the Township in a separate letter dated May 7, 2003.

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

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

**BETTY MONTGOMERY**  
Auditor of State

May 7, 2003

**RUSHCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	2002-001
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**Funds Certification**

Ohio Rev. Code Section 5705.41 (D) states no order or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Clerk may also issue Then and Now Certificates for obligations made prior to certification. Then and Now Certificates allow the Clerk to certify that both at the time that the contract or order was made and at the time the certification is completed, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance. For obligations less than \$1,000, the certificates can be certified by the Clerk without subsequent approval from the Board. However, Then and Now Certificates in excess of \$1,000 must be approved by resolution or ordinance of the Board within 30 days after receiving such certificate. As of April 7, 2003, the threshold for Then and Now Certificates that require Board approval is \$3,000.

Fifteen percent of the expenditures tested were not certified at the time of the obligation. Then and Now Certificates were not issued for the transactions that were not certified.

We recommend the Clerk ensure funds are certified as available prior to the obligation through the issuance of a purchase order containing appropriate certification, or so-called blanket or super blanket certificates as further permitted by Section 5705.41(D). A blanket certificate can be issued for one line item appropriation, not to exceed three months or \$5,000. The blanket certificates must be canceled at the end of each fiscal year. A super blanket certificate can be issued for any amount and any time period, not to exceed the fiscal year, and may be used for recurring and reasonably predictable operating expenses. More than one super blanket certificate can be outstanding for an appropriation line item.

We also reported this matter in our audit of the 1999-2000 financial statements.

**RUSHCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected/Explain:</b>
2000-40623-001	Ohio Rev. Code Section 5705.41 (D) Funds certification by the fiscal officer of the Township.	No	See Finding Number 2002-001
2000-40623-002	Insufficient documentation kept for long distance phone usage.	Yes	



**Auditor of State  
Betty Montgomery**

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**RUSHCREEK TOWNSHIP**

**FAIRFIELD 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 15, 2003**