

Village of West Rushville

Fairfield County

Regular Audit

For the Years Ended December 31, 2007 and 2006
Fiscal Years Audited Under GAGAS: 2007 and 2006

BALESTRA, HARR & SCHERER, CPAs, INC.
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Mary Taylor, CPA
Auditor of State

Village Council
Village of West Rushville
7610 Main St.
P.O. Box 63083
West Rushville, Ohio 43163

We have reviewed the *Independent Auditor's Report* of the Village of West Rushville, Fairfield County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2006 through December 31, 2007. 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 Auditor's 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 Auditor's 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 Village of West Rushville is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 28, 2008

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FAIRFIELD COUNTY
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Member American Institute of Certified Public Accountants

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Independent Auditor's Report

Village Council
Village of West Rushville
Fairfield County
P.O. Box 63083
West Rushville, Ohio 43163

We have audited the accompanying financial statements of the Village of West Rushville, Fairfield County, (the Village) as of and for the year ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Village 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.

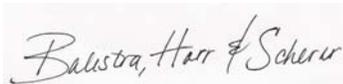
Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village 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.

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, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006, or its changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of West Rushville, Fairfield County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion & Analysis for the year ended December 31, 2007 and 2006. The Village has not presented Management's Discussion & Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2008, on our consideration of the Village'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 testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. The 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.



Balestra, Harr & Scherer, CPAs, Inc.

April 11, 2008

**VILLAGE OF WEST RUSHVILLE
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, 2007**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 2,381	\$ -	\$ 2,381
Intergovernmental	9,058	5,333	14,391
Charges for Services	415	-	415
Earnings on Investments	-	18	18
	<u>11,854</u>	<u>5,351</u>	<u>17,205</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons & Property	-	1,080	1,080
Public Health Service	331	-	331
Community Environment	740	-	740
Basic Utility Services	844	-	844
Transportation	-	2,009	2,009
General Government	7,261	-	7,261
	<u>9,176</u>	<u>3,089</u>	<u>12,265</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	2,678	2,262	4,940
Fund Cash Balances, January 1	<u>8,498</u>	<u>6,680</u>	<u>15,178</u>
Fund Cash Balances, December 31	<u>\$ 11,176</u>	<u>\$ 8,942</u>	<u>\$ 20,118</u>

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

**VILLAGE OF WEST RUSHVILLE
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, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 2,378	\$ -	\$ 2,378
Intergovernmental	9,149	5,517	14,666
Charges for Services	439	-	439
Earnings on Investments	-	18	18
	<u>11,966</u>	<u>5,535</u>	<u>17,501</u>
Total Cash Receipts			
	<u>11,966</u>	<u>5,535</u>	<u>17,501</u>
Cash Disbursements:			
Current:			
Security of Persons & Property	-	954	954
Public Health Service	329	-	329
Community Environment	500	-	500
Basic Utility Services	402	-	402
Transportation	-	5,348	5,348
General Government	9,890	-	9,890
	<u>11,121</u>	<u>6,302</u>	<u>17,423</u>
Total Cash Disbursements			
	<u>11,121</u>	<u>6,302</u>	<u>17,423</u>
Total Cash Receipts Over/(Under) Cash Disbursements	845	(767)	78
Fund Cash Balances, January 1	<u>7,653</u>	<u>7,447</u>	<u>15,100</u>
Fund Cash Balances, December 31	<u>\$ 8,498</u>	<u>\$ 6,680</u>	<u>\$ 15,178</u>

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

**VILLAGE OF WEST RUSHVILLE
FAIRFIELD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of West Rushville, Fairfield County, Ohio, (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services. The Village contracts with the Fairfield County Sheriff's department to provide security of person and property.

The Village's management believes these financial statements present all activities for which the Village 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 Village maintains interest-bearing checking accounts.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village 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 Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund – This fund receipts gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF WEST RUSHVILLE
FAIRFIELD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006**

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 Village Council 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 Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2007 and 2006 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 Village's basis of accounting.

2. EQUITY IN POOLED CASH

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

	2007	2006
Demand deposits	\$ 20,118	\$ 15,178
Total Deposits	\$ 20,118	\$ 15,178

Deposits: The Village's deposits are insured by the Federal Deposit Insurance Corporation.

**VILLAGE OF WEST RUSHVILLE
FAIRFIELD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 was as follows:

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 12,100	\$ 11,854	(\$ 246)
Special Revenue	5,558	5,351	(207)
Total	<u>\$ 17,658</u>	<u>\$ 17,205</u>	<u>(\$ 453)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$ 20,597	\$ 9,176	\$ 11,421
Special Revenue	12,239	3,089	9,150
Total	<u>\$ 32,836</u>	<u>\$ 12,265</u>	<u>\$ 20,571</u>

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 12,100	\$ 11,966	(\$ 134)
Special Revenue	5,486	5,535	49
Total	<u>\$ 17,586</u>	<u>\$ 17,501</u>	<u>(\$ 85)</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$ 19,752	\$ 11,121	\$ 8,631
Special Revenue	12,934	6,302	6,632
Total	<u>\$ 32,686</u>	<u>\$ 17,423</u>	<u>\$ 15,263</u>

**VILLAGE OF WEST RUSHVILLE
FAIRFIELD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 and 2006**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. 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 payment, 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 Village.

5. RETIREMENT SYSTEMS

The Village's full-time employees belong to the public Employees Retirement System (PERS) of Ohio. 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 2007 and 2006, member of PERS contributed 8.5% of gross wages. The Village contributed an amount equal to 13.55% of participants' gross wages. The Village has paid all contributions required through December 31, 2007.

6. RISK MANAGEMENT

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the Pool), an unincorporated nonprofit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements, and other expenses resulting for covered claims that exceed the members deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained deficit at December 31, 2006 and 2005 (the most recent information available).

	2006	2005
Cash and Investments	\$ 2,331,284	\$2,241,661
Actuarial Liabilities	(\$3,130,475)	(\$3,457,720)
Accumulated Deficit	(\$ 799,191)	(\$1,216,059)

7. JOINTLY GOVERNED ORGANIZATION

Fairfield Regional Planning Commission - The Village appoints a person to represent the Village on the 56 member board of the Fairfield Regional Planning Commission. The Village pays a small membership fee annually. The Fee is based on the per capita of the Village. There is no financial interest of responsibility by the village.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of Council
Village of West Rushville
P.O. Box 63083
West Rushville, Ohio 43163

We have audited the accompanying financial statements of the Village of West Rushville, Fairfield County, Ohio (the Village), as of and for the year ended December 31, 2007 and 2006, and have issued our report thereon dated April 11, 2008 wherein we noted the Village followed accounting practices the Auditor of State prescribes or permits 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control over financial reporting. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting. These items are identified in the accompanying schedule of findings as items 2007-001 and 2007-002.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the significant deficiencies described as 2007-001 and 2007-002 to be material weaknesses.

We noted a certain matter that we reported to the Village's management in a separate letter dated April 11, 2008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain noncompliance or other matter that we reported to management of the Village in a separate letter dated April 11, 2008.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



Balestra, Harr & Scherer, CPAs, Inc.
April 11, 2008

**VILLAGE OF WEST RUSHVILLE
FAIRFIELD COUNTY
DECEMBER 31, 2007 AND 2006**

SCHEDULE OF FINDINGS AND RESPONSES

FINDING NUMBER 2007-001

Material Weakness

During the course of the audit, misstatements were identified related to the following:

- Improper recording of Tax revenues
- Correction of current expenditures not recorded on financial statements

The accompanying financial statements were adjusted to reflect correction of material, and certain immaterial, misstatements. Correction of other immaterial misstatements was waived. The Village should implement application and monitoring controls over financial reporting to ensure that all financial statement transactions are accurately and completely reported.

Client Response:

Will do as recommended.

FINDING NUMBER 2007-002

Material Weakness

The Financial statements for December 31, 2007 and 2006 were not accurate. The Village receipt and disbursement ledgers did not agree to the financial statements. Also, there were several mathematical errors in the financial statement.

Financial information is vital to an organization's management in its continual effort to effectively make decisions to guide the organization. Inaccurate financial information can result in ineffective decision making.

When preparing the financial statements the Village Clerk should ensure the following:

- Beginning balances agree to prior year ending audited balances
- Amounts agree back to receipt and disbursements ledgers
- Cash ledger agrees to receipt and disbursements ledgers
- Statements are mathematically accurate

Furthermore, the Village Council should review and approve the ledger and statements prepared by the Clerk.

Client Response:

Will do as recommended.

**VILLAGE OF WEST RUSHVILLE
FAIRFIELD COUNTY
DECEMBER 31, 2007 AND 2006**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-01	Material Weakness – Financial Statement accuracy	No	Reissued as 2007-002



Mary Taylor, CPA
Auditor of State

VILLAGE OF WEST RUSHVILLE
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
SEPTEMBER 11, 2008