

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2011 and 2010

DIANE RADER, CLERK/TREASURER



Dave Yost • Auditor of State

Members of Council
Village of Rushsylvania
P.O. Box 204
Rushsylvania, Ohio 43347

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

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

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

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

Dave Yost
Auditor of State

September 21, 2012

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**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountants' Report

Village of Rushsylvania
P.O. Box 204
Rushsylvania, Ohio 43347

To the Members of Council and Mayor:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 2.B., the Village of Rushsylvania has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village of Rushsylvania's larger (i.e. major) funds separately. While the Village of Rushsylvania does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village of Rushsylvania 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 to its non-GAAP basis is in the second following paragraph.

Village of Rushsylvania
Independent Accountants' Report
Page Two

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Rushsylvania, Logan County, Ohio as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended.

As described in Note 2, during 2011, the Village of Rushsylvania adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2012, on our consideration of the Village of Rushsylvania's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Julian & Grube, Inc.
June 4, 2012

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

COMBINED STATEMENT OF FUND CASH BALANCES
ALL FUND TYPES
DECEMBER 31, 2011 AND 2010

<u>Cash and Cash Equivalents</u>	2011	2010
Cash and Cash Equivalents	\$ 330,792	\$ 342,538
Total Cash and Cash Equivalents	\$ 330,792	\$ 342,538
<u>Fund Cash Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 73,478	\$ 64,970
Special Revenue Funds	87,759	94,537
Total Governmental Fund Types	161,237	159,507
<u>Proprietary Fund Type:</u>		
Enterprise Fund	169,555	183,031
Total Proprietary Fund	169,555	183,031
Total Fund Cash Balances	\$ 330,792	\$ 342,538

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Property and local taxes	\$ 62,846	\$ 2,543	\$ 65,389
Intergovernmental	74,969	20,621	95,590
Fines, licenses, and permits	2,701	-	2,701
Interest	882	126	1,008
Miscellaneous	2,468	580	3,048
Total cash receipts	<u>143,866</u>	<u>23,870</u>	<u>167,736</u>
Cash disbursements:			
Current:			
Security of persons and property	12,436	-	12,436
Leisure time activities	13,080	-	13,080
Community environment	272	-	272
Transportation	31,005	26,448	57,453
General government	78,565	4,200	82,765
Total cash disbursements	<u>135,358</u>	<u>30,648</u>	<u>166,006</u>
Net change in fund cash balances	8,508	(6,778)	1,730
Fund cash balances, January 1, 2011	<u>64,970</u>	<u>94,537</u>	<u>159,507</u>
Fund cash balances, December 31, 2011	<u>73,478</u>	<u>87,759</u>	<u>161,237</u>
Fund cash balances, December 31, 2011			
Restricted	-	87,759	87,759
Unassigned	73,478	-	73,478
Fund cash balances, December 31, 2011	<u>\$ 73,478</u>	<u>\$ 87,759</u>	<u>\$ 161,237</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2011

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 155,684
Total operating cash receipts	155,684
Operating cash disbursements:	
Personal services	51,041
Employee fringe benefits	160
Contractual services	76,922
Total operating cash disbursements	128,123
Operating income/(loss)	27,561
Nonoperating cash receipts/(disbursements):	
Interest	23
Special assessments	100
Debt service:	
Principal	(39,865)
Interest	(1,295)
Total nonoperating cash receipts/(disbursements)	(41,037)
Net income/(loss)	(13,476)
Fund cash balances, January 1, 2011	183,031
Fund cash balances, December 31, 2011	\$ 169,555

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Property and local taxes	\$ 49,419	\$ 8,877	\$ 58,296
Intergovernmental	79,823	21,919	101,742
Special assessments	100	-	100
Fines, licenses, and permits	2,605	-	2,605
Interest	1,455	153	1,608
Miscellaneous	665	332	997
Total cash receipts	<u>134,067</u>	<u>31,281</u>	<u>165,348</u>
Cash disbursements:			
Current:			
Security of persons and property	11,541	-	11,541
Leisure time activities	15,810	-	15,810
Community environment	338	-	338
Transportation	41,313	22,444	63,757
General government	79,842	168	80,010
Total cash disbursements	<u>148,844</u>	<u>22,612</u>	<u>171,456</u>
Total cash receipts over/(under) cash disbursements	(14,777)	8,669	(6,108)
Fund cash balances, January 1, 2010	<u>79,747</u>	<u>85,868</u>	<u>165,615</u>
Fund cash balances, December 31, 2010	<u>\$ 64,970</u>	<u>\$ 94,537</u>	<u>\$ 159,507</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - ALL PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2010

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 155,570
Total operating cash receipts	155,570
Operating cash disbursements:	
Personal services	46,347
Employee fringe benefits	274
Contractual services	76,104
Total operating cash disbursements	122,725
Operating income/(loss)	32,845
Nonoperating cash receipts/(disbursements):	
Interest	58
Special assessments	3,464
Proceeds of notes	14,811
Debt service:	
Principal	(39,666)
Interest	(1,494)
Total nonoperating cash receipts/(disbursements)	(22,827)
Net Income/(loss)	10,018
Cash fund balances, January 1, 2010	173,013
Cash fund balances, December 31, 2010	\$ 183,031

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 - DESCRIPTION OF THE ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Rushsylvania, Logan County, (the "Village"), as a body corporate and politic. A publicly elected six-member Council governs the Village. The Village provides water and sewer utilities; park operations; and construction, maintenance, and repair of streets. The Village contracts with the Logan County Sheriff's department to provide security of persons and property.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village:

General Fund

The general fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

The Village had the following significant special revenue fund:

Street Construction, Maintenance & Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintain and repair Village streets.

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant enterprise funds:

Water Fund - This fund receives charges for services from residents to cover the costs of providing the citizens of the Village with water services.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Sewer Fund (2010) - This fund receives charges for services from residents to cover the costs of providing the citizens of the Village with sewer services.

Sewer Replacement and Improvement Fund - This fund receives charges for services from residents for sewer replacement and improvements. This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion. A utility surcharge recorded in this fund will repay this Wastewater Treatment Plant and Collection System Improvements Project loan.

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. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. The Village had several amendments to the original estimated certificate during the years ended December 31, 2011 and 2010.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village legally adopted supplemental appropriations during 2011 and 2010.

Encumbrances:

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be re-appropriated.

D. Fund Balance

For December 31, 2011, the Village implemented Governmental Accounting Standards Board (GASB) No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" which had no effect on fund balances. Under GASB No. 54, fund balances are divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1. **Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. **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 of regulations of other governments; or is imposed by law through constitutional provisions.

3. **Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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.

4. **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 Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. **Unassigned**

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

The Village 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.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers “Cash and Cash Equivalents” to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$1,031 and \$1,666 for the years ended December 31, 2011 and 2010, respectively.

F. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Village’s funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

G. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village’s cash basis method of accounting.

H. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances such as upon retirement. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Village.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned “Total (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 3 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Village maintains a cash and investment 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:

	<u>2011</u>	<u>2010</u>
Deposits: Demand deposits	\$ 320,792	\$ 332,538
Certificate of Deposits	<u>10,000</u>	<u>10,000</u>
Total Cash and Cash Equivalents	<u>\$ 330,792</u>	<u>\$ 342,538</u>

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

NOTE 4 - COMPLIANCE

- A. The Village did not certify to the county the proper fund balances at January 1, 2010 in noncompliance with Ohio Revised Code Section 5705.36.
- B. The Village had appropriations in excess of actual resources in noncompliance with Ohio Revised Code Section 5705.36(A)(4) for the year ended December 31, 2010.
- C. The Village had appropriations in excess of resources at year end and throughout the year ended December 31, 2010 in noncompliance with Ohio Revised Code Sections 5705.39 and 5705.36.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 5 - BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 124,000	\$ 143,866	\$ 19,866
Special Revenue	22,550	23,870	1,320
Enterprise	144,050	155,807	11,757
Total	<u>\$ 290,600</u>	<u>\$ 323,543</u>	<u>\$ 32,943</u>

2011 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 188,969	\$ 135,358	\$ 53,611
Special Revenue	117,086	30,648	86,438
Enterprise	327,081	169,283	157,798
Total	<u>\$ 633,136</u>	<u>\$ 335,289</u>	<u>\$ 297,847</u>

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 135,000	\$ 134,067	\$ (933)
Special Revenue	26,000	31,281	5,281
Enterprise	137,100	173,903	36,803
Total	<u>\$ 298,100</u>	<u>\$ 339,251</u>	<u>\$ 41,151</u>

2010 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 238,853	\$ 148,844	\$ 90,009
Special Revenue	85,523	22,612	62,911
Enterprise	312,351	163,885	148,466
Total	<u>\$ 636,727</u>	<u>\$ 335,341</u>	<u>\$ 301,386</u>

NOTE 6 - PROPERTY TAX

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

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

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 6 - PROPERTY TAX - (Continued)

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.

NOTE 7 - DEBT

At December 31, 2011 and December 31, 2010, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/2011</u>	<u>Balance at 12/31/2010</u>
2008 Ohio Water Department Authority (OWDA) WWTP/Pump Station Improvements, not yet fully disbursed, due in semi-annual installments of \$18,512, bearing an interest rate of 0%.	\$ 550,776	\$ 587,800
1992 OWDA WWTP/Pump Station Improvements, due in semi-annual installments of \$2,117, bearing an interest rate of 7.54%.	<u>15,642</u>	<u>18,483</u>
Total	<u>\$ 566,418</u>	<u>\$ 606,283</u>

Transactions for the years ended December 31, 2011 and December 31, 2010 are summarized as follows:

<u>2011</u>	<u>Balance at 12/31/2010</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/2011</u>
2008 OWDA WWTP/Pump Station Improvements - #4646	\$587,800	\$ -	\$(37,024)	\$550,776
1992 OWDA WWTP/Pump Station Improvements - #1852	<u>18,483</u>	<u>-</u>	<u>(2,841)</u>	<u>15,642</u>
Total	<u>\$606,283</u>	<u>\$ -</u>	<u>\$(39,865)</u>	<u>\$566,418</u>

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 7 - DEBT - (Continued)

<u>2010</u>	<u>Balance at</u> <u>12/31/2009</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at</u> <u>12/31/2010</u>
2008 OWDA WWTP/Pump Station Improvements - #4646	\$610,013	\$ 14,811	\$(37,024)	\$587,800
1992 OWDA WWTP/Pump Station Improvements - #1852	<u>21,125</u>	<u>-</u>	<u>(2,642)</u>	<u>18,483</u>
Total	<u>\$631,138</u>	<u>\$ 14,811</u>	<u>\$(39,666)</u>	<u>\$ 606,283</u>

The 2008 OWDA WWTP Pump Station Improvements loan is not yet finalized, thus, no amortization exists; however, the Village is required to make semi-annual installments of \$18,512.

Further, in the years ended December 31, 2011 and December 31, 2010, the Village received \$108 and \$120 in credit enhancement interest payments, respectively.

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

<u>Year Ending</u> <u>December 31,</u>	<u>#1852</u> <u>OWDA Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,472	\$ 645
2013	3,166	1,068
2014	3,406	828
2015	3,662	572
2016	<u>3,936</u>	<u>298</u>
Total	<u>\$ 15,642</u>	<u>\$ 3,411</u>

NOTE 8 - RETIREMENT SYSTEM

The Village's salaried employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 8 - RETIREMENT SYSTEM - (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For the years ended December 31, 2011 and 2010, OPERS members contributed 10% of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries for 2011 and 2010, respectively. At December 31, 2011, all amounts for the years ended 2011 and 2010 have been paid.

NOTE 9 - RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and,
- Errors and Omissions.

NOTE 10 - CONTINGENT LIABILITY

LITIGATION

The Village is not currently involved in litigation.

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Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Village of Rushsylvania
P.O. Box 204
Rushsylvania, Ohio 43347

To the Members of Council and Mayor:

We have audited the financial statements of the Village of Rushsylvania, Logan County, Ohio, as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 4, 2012, wherein we noted the Village of Rushsylvania prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. As described in Note 2, the Village of Rushsylvania adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" for the year ended December 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Members of Council and Mayor
Village of Rushsylvania

Compliance and Other Matters

As part of reasonably assuring whether the Village of Rushsylvania's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed four instances of noncompliance or other matters we must report under *Government Auditing Standards*.

The Village of Rushsylvania's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village of Rushsylvania's responses and, accordingly, we express no opinion on them.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 4, 2012

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2011-VOR-001

Ohio Revised Code Section 5705.36, in part, requires fiscal officers to certify to the County Auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Village certified balances that did not agree to the audited financial reports at January 1, 2010.

The Village is not accurately reflecting its various fund balances to the County Auditor for proper certification of available resources to be appropriated.

We recommend that the Village consult with Ohio Compliance Supplement, the Village manual and its auditors to ensure that Village fund balances agree to audited reports. This will enable the County Auditor to perform the proper certification with accurate information. This will in turn allow the Village to properly appropriate funds within its available resources.

Client Response: The differences are due to prior year audit adjustments. The Clerk/Treasurer will review for accuracy and modify if necessary in the future.

Finding Number	2011-VOR-002
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Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the Fiscal Officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the Fiscal Officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

At December 31, the Village had appropriations greater than actual resources, which consist of actual revenues and beginning fund balances in the following funds:

<u>Fund Type/Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>2010</u>			
General	\$ 213,814	\$ 238,853	\$ 25,039
<u>Enterprise</u>			
Sewer	64,421	65,560	1,139

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2011-VOR-002 - (Continued)

By appropriating more funds than actual resources, the Village is at risk of spending more money than is available and not utilizing the budget for its intended purpose. This may result in negative fund balances.

We recommend the Village monitor appropriations in comparison to actual resources and obtain decreased amended appropriations as needed. Further guidance may be found in Auditor of State Bulletin 97-010.

Client Response: The Village is attempting to monitor the budget more closely.

Finding Number	2011-VOR-003
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Ohio Revised Code Section 5705.39 in part requires that total appropriations from each fund should not exceed total estimated resources.

The Village had appropriations in excess of estimated resources at December 31, 2010 in the following funds:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General	\$ 214,747	\$ 238,853	\$ 24,106
<u>Enterprise</u>			
Water	164,958	166,077	1,119
Sewer	63,402	65,561	2,159

With appropriations exceeding estimated resources, the Village is appropriating monies that are not in the Treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend the Village comply with the Ohio Revised Code by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

Client Response: The differences are due to prior year audit adjustments. The Clerk/Treasurer will review for accuracy and modify if necessary in the future.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2011-VOR-004

Ohio Revised Code Sections 5705.36, in part, requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

During the year and at the year ended December 31, 2010, the Village did not request enough amended certificates throughout the year upon notice of increased or decreased resources.

The Village is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources.

We recommend that the Village certify its available sources at year end and file amended certificates as necessary throughout the year. This will facilitate the Village's appropriation process.

Client Response: The differences are due to prior year audit adjustments. The Clerk/Treasurer will review for accuracy and modify if necessary in the future.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <i>Explain:</i>
2009-001	<u>Material Weakness/Recording of Financial Activity:</u> The Village had numerous recording errors of receipts and disbursements in its financial records.	Yes	N/A
2009-002	<u>Material Weakness/Noncompliance:</u> Ohio Revised Code Section 5705.10(D) requires that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.	Yes	N/A
2009-003	<u>Material Weakness/Noncompliance:</u> Ohio Revised Code Section 5705.10(H) states money paid into any fund shall be used only for the purposes for which such fund is established.	Yes	N/A



Dave Yost • Auditor of State

VILLAGE OF RUSHSYLVANIA

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
OCTOBER 4, 2012