

**VILLAGE OF RUSHSYLVANIA**  
LOGAN COUNTY, OHIO

**Financial Statements**  
**(Audited)**

**For the Years Ended**  
**December 31, 2019 and 2018**



OHIO AUDITOR OF STATE  
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Village of Rushsylvania, Logan County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2019. 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. The Village of Rushsylvania is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

November 19, 2020

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**VILLAGE OF RUSHSYLVANIA  
LOGAN COUNTY**

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**Independent Auditor's Report**

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

To the Members of Council and Mayor:

***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 the Village of Rushsylvania, Logan County, Ohio, as of and for the years ended December 31, 2019 and 2018.

***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 Ohio Revised Code Section 117.38 and Ohio Administrative Code 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 Village of Rushsylvania'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 Village of Rushsylvania's internal control. Accordingly, we express no such 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 Village of Rushsylvania 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 Village of Rushsylvania 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 Village of Rushsylvania as of December 31, 2019 and 2018, and the respective changes in financial position or cash flows 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Rushsylvania, Logan County, Ohio, as of December 31, 2019 and 2018, 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.

***Emphasis of Matter***

As disclosed in Note 11 to the financial statements for December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measure will impact subsequent periods of the Village of Rushsylvania. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2020, 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 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 Village of Rushsylvania's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
August 25, 2020



**Village of Rushsylvania**  
*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, 2019*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$68,284	\$2,807	\$71,091
Municipal Income Tax	88,913	-	88,913
Intergovernmental	57,054	28,562	85,616
Fines, Licenses and Permits	3,676	-	3,676
Earnings on Investments	5,553	622	6,175
Miscellaneous	3,025	-	3,025
<i>Total Cash Receipts</i>	<u>226,505</u>	<u>31,991</u>	<u>258,496</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	10,792	-	10,792
Leisure Time Activities	5,372	-	5,372
Community Environment	1,130	-	1,130
Transportation	49,517	12,771	62,288
General Government	99,756	-	99,756
Debt Service:			
Principal Retirement	8,199	8,199	16,398
Earnings on Investments	279	557	836
<i>Total Cash Disbursements</i>	<u>175,045</u>	<u>21,527</u>	<u>196,572</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>51,460</u>	<u>10,464</u>	<u>61,924</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Financing Uses	(4,500)	-	(4,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(4,500)</u>	<u>-</u>	<u>(4,500)</u>
<i>Net Change in Fund Cash Balances</i>	46,960	10,464	57,424
<i>Fund Cash Balances, January 1</i>	<u>264,988</u>	<u>57,678</u>	<u>322,666</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	68,142	68,142
Assigned	311,948	-	311,948
<i>Fund Cash Balances, December 31</i>	<u>\$311,948</u>	<u>\$68,142</u>	<u>\$380,090</u>

See accompanying notes to the financial statements

**Village of Rushsylvania**  
*Logan County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2019*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$192,356
<i>Total Operating Cash Receipts</i>	<i>192,356</i>
<b>Operating Cash Disbursements</b>	
Personal Services	33,643
Employee Fringe Benefits	581
Contractual Services	74,948
<i>Total Operating Cash Disbursements</i>	<i>109,172</i>
<i>Operating Income (Loss)</i>	<i>83,184</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	6,133
Earnings on Investments	10
Principal Retirement	(35,870)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(29,727)</i>
<i>Net Change in Fund Cash Balances</i>	<i>53,457</i>
<i>Fund Cash Balances, January 1</i>	<i>214,063</i>
<i>Fund Cash Balances, December 31</i>	<i>\$267,520</i>

See accompanying notes to the financial statements

**Village of Rushsylvania  
Logan County, Ohio**

Notes to the Financial Statements  
For Year Ended December 31, 2019

**Note 1 - Reporting Entity**

**Description of the Entity**

The Village of Rushsylvania, Ohio, (the “Village”) Logan County, 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. A publicly-elected six-member Council currently directs the Village. The Village provides water and sewer utilities, park operations and street construction, maintenance and repair of streets in the Village. The Village contracts with the Logan County Sheriff’s department to provide security of persons and property. The Village contracts with the Rushcreek Township Fire Department to receive fire protection services.

**Note 2 - Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The Village’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 proprietary fund type which are organized on a fund type basis.

**B. Fund Accounting**

The Village 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 Village are presented below:

**1. 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 Village for any purpose provided it is expended or transferred according to general laws of Ohio.

**2. Special Revenue Funds**

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

**Street Construction, Maintenance and Repair Fund** - The street construction, maintenance and repair special revenue fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the Village.

**Village of Rushsylvania  
Logan County, Ohio**

Notes to the Financial Statements  
For Year Ended December 31, 2019

**State Highway Fund** - The state highway fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees for construction, maintenance and repair of streets within the Village.

**Permissive Motor Vehicle License Tax Fund** - The permissive motor vehicle license tax fund accounts for and reports motor vehicle license tax restricted for construction, maintenance and repair of streets within the Village.

**3. Enterprise Funds**

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

***Water Fund*** - The water fund receives charges for water services from residents and commercial users to cover the expense of providing water treatment and distribution to the residents and commercial users within the Village.

***Water Replacement & Improvement Fund*** - The water replacement & improvement fund receives a portion of charges for water services from residents and commercial users to cover the expense of providing water treatment and distribution to the residents and commercial users within the Village.

***Sewer Fund*** - The sewer fund receives charges for sewer services from residents and commercial users to cover the expense of providing sewer treatment to the residents and commercial users within the Village.

***Sewer Replacement & Improvement Fund*** - The sewer replacement & improvement fund receives a portion of charges for sewer services from residents and commercial users to cover the expense of sewer replacement and improvements and to make the loan payment for the current Wastewater Treatment Plant and Pump Stations Improvement loan from the Ohio Water Development Authority.

***Sewer System Reserve Fund*** - The sewer system reserve fund holds a \$10,000 certificate of deposit with the interest receipted into this fund each year. This fund is a reserve fund held for sewer system expense.

**Village of Rushsylvania  
Logan County, Ohio**

Notes to the Financial Statements  
For Year Ended December 31, 2019

**C. 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. Unencumbered appropriations lapse at year end.
2. **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.
3. **Encumbrances** - The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and re-appropriated in the subsequent year.

**D. Deposits and Investments**

The Village's accounting basis includes investments 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.

**E. Capital Assets**

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

**F. 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.

**G. Fund Balance**

Fund Balance is divided into five classification 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 Year Ended December 31, 2019

***Non-spendable***

The Village 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.

***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.

***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.

***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 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 the 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 Year Ended December 31, 2019

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$208,000	\$226,505	\$18,505
Special Revenue	37,000	31,991	(5,009)
Enterprise	190,510	198,499	7,989
Total	\$435,510	\$456,995	\$21,485

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$472,988	\$179,805	\$293,183
Special Revenue	94,678	21,527	73,151
Enterprise	404,573	145,414	259,159
Total	\$972,239	\$346,746	\$625,493

**Note 4 - Deposits**

The Village maintains a deposits 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	2019 \$637,610
Certificate of deposit	10,000
Total deposits	\$647,610

***Deposits***

The Village deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. The Ohio Revised Code prescribes allowable deposits and investments. The Village's \$10,000 certificate of deposit was insured by the Federal Deposit Insurance Corporation. \$402,042 of the Village's bank balance was not collateralized contrary to Ohio law.

**Village of Rushsylvania  
Logan County, Ohio**

Notes to the Financial Statements  
For Year Ended December 31, 2019

**Note 5 - Taxes**

***Property Taxes***

Real property taxes became 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.

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

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employees compensation and remit a monthly tax form with payment to the contracted agency, Central Collection Agency (CCA), of the Village that offers the service of full administration and collection of such municipal income tax. The Village also files a yearly report along with the W-2's of the Village employees.

**Note 6 - Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium.

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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



**Village of Rushsylvania  
Logan County, Ohio**

Notes to the Financial Statements  
For Year Ended December 31, 2019

**Note 7 - Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

Some 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.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

*Social Security*

Village Council, Board of Public Affairs Members and the Zoning Officer contributed to Social Security. These members contributed 6.2% of their gross salaries and the Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Note 8 - Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to 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 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 9 - Debt**

Debt outstanding at December 31, 2019, is as follows:

The Village has one loan and one lease. The loan is an Ohio Water Development Authority (OWDA) loan for the Village Wastewater Treatment Plant and Pump Station Improvements. The lease is a Santander Bank Lease for the Village dump truck, plow and spreader.

The OWDA loan is a zero percent interest loan. Payments are made semi-annually. The maturity date is July 1, 2027.

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$269,020	0%
Total	<u>\$269,020</u>	

**Village of Rushsylvania  
Logan County, Ohio**

Notes to the Financial Statements  
For Year Ended December 31, 2019

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	<u>OWDA Loan</u>
2020	\$ 35,869
2021	35,869
2022	35,869
2023	35,869
2024	35,869
2025 - 2027	<u>89,675</u>
Total	<u>\$ 269,020</u>

The International Terrastar dump truck, plow and spreader lease is a 2.60% interest lease through the Santander Bank. Payments of \$1,413 are made monthly. The lease matures in 2020.

	<u>Principal</u>	<u>Interest Rate</u>
Santander Bank Dump Truck Lease	\$ 12,547	2.60%
Total	<u>\$ 12,547</u>	

Amortization of the above Santander Bank dump truck, plow and spreader lease is scheduled as follows:

Year Ending December 31:	<u>Santander Lease</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 12,547	\$ 170	\$ 12,717
Total	<u>\$ 12,547</u>	<u>\$ 170</u>	<u>\$ 12,717</u>

**Note 10 - Contingent Liabilities**

The Village is not currently involved in litigation.

**Note 11 - Subsequent Event**

The United States of America and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, receipts, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 12 - Compliance**

The Village is in noncompliance with Ohio Revised Code 135.18(A)(1) for lack of collateralization of deposits.

**Village of Rushsylvania**  
*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, 2018*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$65,506	\$2,676	\$68,182
Municipal Income Tax	87,436	-	87,436
Intergovernmental	49,002	37,690	86,692
Fines, Licenses and Permits	3,632	-	3,632
Earnings on Investments	2,435	296	2,731
Miscellaneous	3,184	-	3,184
<i>Total Cash Receipts</i>	<u>211,195</u>	<u>40,662</u>	<u>251,857</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	10,792	-	10,792
Leisure Time Activities	6,100	-	6,100
Community Environment	983	-	983
Transportation	40,911	39,627	80,538
General Government	82,028	-	82,028
Debt Service:			
Principal Retirement	6,672	6,672	13,344
Interest and Fiscal Charges	393	393	786
<i>Total Cash Disbursements</i>	<u>147,879</u>	<u>46,692</u>	<u>194,571</u>
<i>Net Change in Fund Cash Balances</i>	63,316	(6,030)	57,286
<i>Fund Cash Balances, January 1</i>	<u>201,672</u>	<u>63,708</u>	<u>265,380</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	57,678	57,678
Assigned	264,988	-	264,988
<i>Fund Cash Balances, December 31</i>	<u>\$264,988</u>	<u>\$57,678</u>	<u>\$322,666</u>

See accompanying notes to the financial statements

**Village of Rushsylvania**  
*Logan County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2018*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$194,035
<i>Total Operating Cash Receipts</i>	194,035
<b>Operating Cash Disbursements</b>	
Personal Services	36,813
Employee Fringe Benefits	663
Contractual Services	56,857
<i>Total Operating Cash Disbursements</i>	94,333
<i>Operating Income (Loss)</i>	99,702
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	4,058
Earnings on Investments	10
Capital Outlay	(50,602)
Principal Retirement	(35,869)
<i>Total Non-Operating Receipts (Disbursements)</i>	(82,403)
<i>Net Change in Fund Cash Balances</i>	17,299
<i>Fund Cash Balances, January 1</i>	196,764
<i>Fund Cash Balances, December 31</i>	\$214,063

See accompanying notes to the financial statements

**Village of Rushsylvania  
Logan County, Ohio**

Notes to the Financial Statements  
For Year Ended December 31, 2018

**Note 1 - Reporting Entity**

**Description of the Entity**

The Village of Rushsylvania, Ohio, (the “Village”) Logan County, 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. A publicly-elected six-member Council currently directs the Village. The Village provides water and sewer utilities, park operations and street construction, maintenance and repair of streets in the Village. The Village contracts with the Logan County Sheriff’s department to provide security of persons and property. The Village contracts with the Rushcreek Township Fire Department to receive fire protection services.

**Note 2 - Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The Village’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 proprietary fund type which are organized on a fund type basis.

**B. Fund Accounting**

The Village 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 Village are presented below:

**1. 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 Village for any purpose provided it is expended or transferred according to general laws of Ohio.

**Village of Rushsylvania  
Logan County, Ohio**

Notes to the Financial Statements  
For Year Ended December 31, 2018

**2. Special Revenue Funds**

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

**Street Construction, Maintenance and Repair Fund** - The street construction, maintenance and repair special revenue fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the Village.

**State Highway Fund** - The state highway fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees for construction, maintenance and repair of streets within the Village.

**Permissive Motor Vehicle License Tax Fund** - The permissive motor vehicle license tax fund accounts for and reports motor vehicle license tax restricted for construction, maintenance and repair of streets within the Village.

**3. Enterprise Funds**

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

**Water Fund** - The water fund receives charges for water services from residents and commercial users to cover the expense of providing water treatment and distribution to the residents and commercial users within the Village.

**Water Replacement & Improvement Fund** - The water replacement & improvement fund receives a portion of charges for water services from residents and commercial users to cover the expense of providing water treatment and distribution to the residents and commercial users within the Village.

**Sewer Fund** - The sewer fund receives charges for sewer services from residents and commercial users to cover the expense of providing sewer treatment to the residents and commercial users within the Village.

**Sewer Replacement & Improvement Fund** - The sewer replacement & improvement fund receives a portion of charges for sewer services from residents and commercial users to cover the expense of sewer replacement and improvements and to make the loan payment for the current Wastewater Treatment Plant and Pump Stations Improvement loan from the Ohio Water Development Authority.

**Village of Rushsylvania  
Logan County, Ohio**

Notes to the Financial Statements  
For Year Ended December 31, 2018

*Sewer System Reserve Fund* - The sewer system reserve fund holds a \$10,000 certificate of deposit with the interest received into this fund each year. This fund is a reserve fund held for sewer system expense.

**C. 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. Appropriations lapse at year end.
2. **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.
3. **Encumbrances** - The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and re-appropriated in the subsequent year.

**D. Deposits and Investments**

The Village's accounting basis includes investments 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.

**E. Capital Assets**

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

**F. 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.

**Village of Rushsylvania  
Logan County, Ohio**

Notes to the Financial Statements  
For Year Ended December 31, 2018

**G. Fund Balance**

Fund Balance is divided into five classification 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:

***Non-spendable***

The Village 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.

***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.

***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.

***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.



**Village of Rushsylvania  
Logan County, Ohio**

Notes to the Financial Statements  
For Year Ended December 31, 2018

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 the unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$179,000	\$211,195	\$32,195
Special Revenue	23,900	40,662	16,762
Enterprise	168,005	198,103	30,098
Total	\$370,905	\$449,960	\$79,055

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$380,672	\$147,879	\$232,793
Special Revenue	87,608	46,692	40,916
Enterprise	364,770	180,804	183,966
Total	\$833,050	\$375,375	\$457,675

**Note 4 - Deposits**

The Village maintains a deposit 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	2018 \$526,729
Certificate of deposit	10,000
Total deposits	\$536,729

**Village of Rushsylvania  
Logan County, Ohio**

Notes to the Financial Statements  
For Year Ended December 31, 2018

***Deposits***

The Village deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. The Ohio Revised Code prescribes allowable deposits and investments. The Village's \$10,000 certificate of deposit was insured by the Federal Deposit Insurance Corporation. \$286,532 of the Village's bank balance was not collateralized contrary to Ohio law.

**Note 5 - Taxes**

***Property Taxes***

Real property taxes became 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.

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

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employees compensation and remit a monthly tax form with payment to the contracted agency, Central Collection Agency (CCA), of the Village that offers the service of full administration and collection of such municipal income tax. The Village also files a yearly report along with the W-2's of the Village employees.

**Note 6 - Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium.

**Village of Rushsylvania  
Logan County, Ohio**

Notes to the Financial Statements  
For Year Ended December 31, 2018

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some 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.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

***Social Security***

Village Council, Board of Public Affairs Members and the Zoning Officer contributed to Social Security. These members contributed 6.2% of their gross salaries and the Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to 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 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Village of Rushsylvania  
Logan County, Ohio**

Notes to the Financial Statements  
For Year Ended December 31, 2018

**Note 9 - Debt**

Debt outstanding at December 31, 2018, is as follows:

The Village has one loan and one lease. The loan is an Ohio Water Development Authority (OWDA) loan for the Village Wastewater Treatment Plant and Pump Station Improvements. The lease is a Santander Bank Lease for the Village dump truck, plow and spreader.

The OWDA loan is a zero percent interest loan. Payments are made semi-annually. The maturity date is July 1, 2027.

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 304,890	0%
Total	\$ 304,890	

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OWDA Loan
2019	\$ 35,869
2020	35,869
2021	35,869
2022	35,869
2023	35,869
2024 - 2027	125,545
Total	\$ 304,890

The International Terrastar dump truck, plow and spreader lease is a 2.60% interest lease through the Santander Bank. Payments of \$1,413 are made monthly. The lease matures in 2020.

	Principal	Interest Rate
Santander Bank Dump Truck Lease	\$ 28,945	2.60%
Total	\$ 28,945	

Amortization of the above Santander Bank dump truck, plow and spreader lease is scheduled as follows:

Year Ending December 31:	Santander Lease		
	Principal	Interest	Total
2019	\$ 16,398	\$ 558	\$ 16,956
2020	12,547	170	12,717
Total	\$ 28,945	\$ 728	\$ 29,673

**Village of Rushsylvania  
Logan County, Ohio**

Notes to the Financial Statements  
For Year Ended December 31, 2018

**Note 10 - Contingent Liabilities**

The Village is not currently involved in litigation.

**Note 11 - Compliance**

The Village is in noncompliance with Ohio Revised Code 135.18(A)(1) for lack of collateralization of deposits.

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**Independent Auditor’s Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards***

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

To the Members of Council and Mayor:

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 Village of Rushsylvania, Logan County, Ohio, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated August 25, 2020, wherein we noted the Village of Rushsylvania followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. In addition, as disclosed in Note 11 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village of Rushsylvania’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 Village of Rushsylvania’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 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 Village of Rushsylvania’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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider material weaknesses. We consider findings 2019-001 and 2019-002 to be material weaknesses.

***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, 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2019-002.

***Village of Rushsylvania's Responses to Findings***

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 subject the Village of Rushsylvania's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***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 Village of Rushsylvania's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Rushsylvania's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
August 25, 2020



**VILLAGE OF RUSHSYLVANIA  
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2019-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made.

Numerous adjustments were made to the financial statements and note disclosures to properly state amounts. The audited financial statements, note disclosures, and Village records have been adjusted for the misstatements identified during the audit.

Control procedures not properly developed related to the financial statements limit management's ability to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. Additionally, management will not have the necessary information to make timely and well-informed business decisions.

We recommend the Village implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to presenting them to the auditors. A second review of the monthly cash activity and financial statements by someone other than the individual preparing them would be beneficial.

*Client Response:* The Fiscal Officer will work to provide a sound fiscal environment for the Village and will consider implementing additional policies and procedures to assist with more accurate financial statement presentation.

Finding Number	2019-002
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Material Weakness/Noncompliance - Pooled Collateral

Ohio Revised Code Section 135.18(A)(1) requires each institution designated as a public depository and awarded public deposits, shall provide security for the repayment of all public deposits by securing all uninsured public deposits of each public depositor separately. Further, the Village should have internal controls in place to ensure monitoring of pooled collateral for deposits.

**VILLAGE OF RUSHSYLVANIA  
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2019-002 - (Continued)

The Village demand deposits were listed as business/commercial accounts and therefore were not being properly collateralized for the years ended December 31, 2019 and 2018. Further, there was no evidence of controls to ensure this was being monitored by the Village.

While no losses occurred during the years ended December 31, 2019 or 2018, the Village is at risk for loss of monies deposited should the bank incur a loss. Further, there was a lack of controls in place to ensure proper collateralization of the Village's accounts, which could contribute to loss of monies should the bank incur a loss.

We recommend the Village contact their bank to correct the classification of their deposits and require the bank to provide proof of collateralization. Further, the Village should implement internal controls to ensure that monies are properly collateralized on a monthly basis. These actions will help prevent the Village from monetary losses.

Client Response: As of the date of this report, the Village has corrected this with the bank.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF RUSHSYLVANIA**

**LOGAN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 12/1/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)