



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF RUSHSYLVANIA  
LOGAN COUNTY  
DECEMBER 31, 2021 AND 2020**

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**INDEPENDENT AUDITOR'S REPORT**

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

To the Village Council:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Rushsylvania, Logan County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***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* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 24, 2022

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**Village of Rushsylvania, Ohio**

*Logan County*

*Combined Statement of Receipts, Disbursements*

*and Changes in Fund Balances (Regulatory Cash Basis)*

*All Governmental Fund Types*

*For the Year Ended December 31, 2021*

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	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$45,198	\$3,021	\$48,219
Municipal Income Tax	81,796		81,796
Intergovernmental	49,880	62,772	112,652
Fines, Licenses and Permits	4,179		4,179
Earnings on Investments	71	19	90
Miscellaneous	1,016		1,016
	<hr/>	<hr/>	<hr/>
<i>Total Cash Receipts</i>	182,140	65,812	247,952
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	10,253		10,253
Public Health Services		42,165	42,165
Leisure Time Activities	4,194		4,194
Community Environment	639		639
Transportation	33,850	28,264	62,114
General Government	97,616		97,616
	<hr/>	<hr/>	<hr/>
<i>Total Cash Disbursements</i>	146,552	70,429	216,981
	<hr/>	<hr/>	<hr/>
<i>Net Change in Fund Cash Balances</i>	35,588	(4,617)	30,971
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, January 1</i>	329,056	100,206	429,262
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	\$364,644	\$95,589	\$460,233
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*See accompanying notes to the financial statements*

**Village of Rushsylvania, Ohio**  
*Logan County*  
*Combined Statement of Receipts, Disbursements*  
*and Change in Fund Balance (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2021*

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$205,266
<i>Total Operating Cash Receipts</i>	<u>205,266</u>
<b>Operating Cash Disbursements</b>	
Personal Services	41,613
Employee Fringe Benefits	5,509
Contractual Services	84,094
<i>Total Operating Cash Disbursements</i>	<u>131,216</u>
<i>Operating Income (Loss)</i>	<u>74,050</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Earnings on Investments	2
Principal Retirement	(35,869)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(35,867)</u>
<i>Net Change in Fund Cash Balances</i>	38,183
<i>Fund Cash Balances, January 1</i>	<u>309,198</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$347,381</u></u>

*See accompanying notes to the financial statements*

**Village of Rushsylvania, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The Village of Rushsylvania (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 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**

***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 change in fund balance (regulatory cash basis) for proprietary fund type which are all organized on a fund type basis.

***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:

***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 the general laws of Ohio.

***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 significant Special Revenue Funds:

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

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

***Permissive Motor Vehicle License Tax*** 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.

***Coronavirus Relief Fund*** This fund receives money passed through the County to cover expenses allowable by the CARES Act funding.

**Village of Rushsylvania, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***American Rescue Fund*** This fund receives money passed through the County to cover expenses allowable by the CARES Act funding.

***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 significant Enterprise Funds:

***Water Operating Fund*** The water operating 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.

***Sewer Operating Fund*** The sewer operating 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 and 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.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

**Village of Rushsylvania, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

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

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

A summary of 2020 budgetary activity appears in Note 3.

**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.

**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.

**Fund Balance**

Fund balance is 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:

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized and the nonexpendable portion of the corpus in permanent funds.

**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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021, follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$225,000	\$182,140	(\$42,860)
Special Revenue	90,225	65,812	(24,413)
Enterprise	189,510	205,268	15,758
Total	\$504,735	\$453,220	(\$51,515)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$557,677	\$146,552	\$411,125
Special Revenue	177,426	70,429	106,997
Enterprise	479,225	167,085	312,140
Total	\$1,214,328	\$384,066	\$830,262

**Note 4 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

	2020
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$797,614
Certificates of deposit	10,000
Total carrying amount of deposits held in the Pool	\$807,614

**Village of Rushsylvania, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 4 – Deposits (Continued)**

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation. At December 31, 2021, \$557,614 of deposits were not insured or collateralized, contrary to Ohio law.

**Note 5 – Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 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 based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***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, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

***Social Security***

Village Council, Board of Public Affairs Members, and the Zoning Officer contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

**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 a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

**Note 9 – Debt**

Debt outstanding at December 31, 2021, was as follows:

The Village has an Ohio Water Development Authority (OWDA) loan for the Village Wastewater Treatment Plant and Pump Station Improvements at (0) zero percent interest. Payments are made semi-annually. The maturity date is July 1, 2027.

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$197,282	0%
Total	\$197,282	

***Amortization***

Amortization of the above debt is scheduled as follows:

**Village of Rushsylvania, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 9 – Debt (Continued)**

Year Ending December 31:	OWDA Loan
2022	\$35,869
2023	35,869
2024	35,869
2025	35,869
2026	35,869
2027	17,937
Total	<u>\$197,282</u>

**Note 10 – Contingent Liabilities**

The Village is not currently involved in litigation.

**Note 11 – Fund Balances**

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. The Village had no outstanding encumbrances.

**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2021, the Village spent the remainder of the CARES Act funding. Of the remaining balance in the fund, \$15,010.33 was spent creating a safe, clean touchless environment in the public meeting room and providing equipment to allow for virtual meetings if necessary. These amounts are reflected as public health services expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements. There is currently a zero balance in this fund.

During 2021, the Village received American Rescue Act funding. Of the amount received, \$27,155.00 was spent upgrading the Village sewer system and creating a safe, clean environment in the Lion's Den and Library building. These amounts are reflected as public health services expenditures in the American Rescue Fund on the accompanying financial statements. The village will receive an additional \$27,759.03 in 2022 and carried over \$604.62 for expenditure in the 2022 fiscal year.

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**Village of Rushsylvania, Ohio***Logan County**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2020*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$66,103	\$3,114	\$69,217
Municipal Income Tax	96,791		96,791
Intergovernmental	49,669	86,072	135,741
Fines, Licenses and Permits	4,401		4,401
Earnings on Investments	1,198	150	1,348
Miscellaneous	2,933		2,933
<i>Total Cash Receipts</i>	<u>221,095</u>	<u>89,336</u>	<u>310,431</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	13,093		13,093
Public Health Services		33,101	33,101
Leisure Time Activities	2,184		2,184
Community Environment	1,068		1,068
Transportation	46,182	17,812	63,994
General Government	135,101		135,101
Debt Service:			
Principal Retirement	6,273	6,273	12,546
Interest and Fiscal Charges	86	86	172
<i>Total Cash Disbursements</i>	<u>203,987</u>	<u>57,272</u>	<u>261,259</u>
<i>Net Change in Fund Cash Balances</i>	17,108	32,064	49,172
<i>Fund Cash Balances, January 1</i>	<u>311,948</u>	<u>68,142</u>	<u>380,090</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$329,056</u></u>	<u><u>\$100,206</u></u>	<u><u>\$429,262</u></u>

*See accompanying notes to the financial statements*

**Village of Rushsylvania, Ohio**  
*Logan County*  
*Combined Statement of Receipts, Disbursements*  
*and Change in Fund Balance (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2020*

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$192,909
<i>Total Operating Cash Receipts</i>	<u>192,909</u>
<b>Operating Cash Disbursements</b>	
Personal Services	36,660
Employee Fringe Benefits	102
Contractual Services	78,608
<i>Total Operating Cash Disbursements</i>	<u>115,370</u>
<i>Operating Income (Loss)</i>	<u>77,539</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Earnings on Investments	8
Principal Retirement	(35,869)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(35,861)</u>
<i>Net Change in Fund Cash Balances</i>	41,678
<i>Fund Cash Balances, January 1</i>	<u>267,520</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$309,198</u></u>

*See accompanying notes to the financial statements*

**Village of Rushsylvania, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of Rushsylvania (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 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**

***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 change in fund balance (regulatory cash basis) for proprietary fund type which are all organized on a fund type basis.

***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:

***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 the general laws of Ohio.

***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 significant Special Revenue Funds:

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

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

***Permissive Motor Vehicle License Tax*** 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.

***Coronavirus Relief Fund*** This fund receives money passed through the County to cover expenses allowable by the CARES Act funding.

**Village of Rushsylvania, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**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 significant Enterprise Funds:

**Water Operating Fund** The water operating 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.

**Sewer Operating Fund** The sewer operating 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 and 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.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

**Village of Rushsylvania, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**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 reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

**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.

**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.

**Fund Balance**

Fund balance is 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:

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized and the nonexpendable portion of the corpus in permanent funds.

**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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020, follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$210,935	\$221,095	\$10,160
Special Revenue	108,450	89,336	(19,114)
Enterprise	197,731	192,917	(4,814)
Total	\$517,116	\$503,348	(\$13,768)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$523,453	\$203,987	\$319,466
Special Revenue	176,022	57,272	118,750
Enterprise	433,011	151,239	281,772
Total	\$1,132,486	\$412,498	\$719,988

**Note 4 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

	2020
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$728,460
Certificates of deposit	10,000
Total carrying amount of deposits held in the Pool	\$738,460

**Village of Rushsylvania, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 4 – Deposits (Continued)**

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation. At December 31, 2020, \$488,460 of deposits were not insured or collateralized, contrary to Ohio law.

**Note 5 – Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 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 based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***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, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

***Social Security***

Village Council, Board of Public Affairs Members, and the Zoning Officer contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

**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 a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

**Note 9 – Debt**

Debt outstanding at December 31, 2020, was as follows:

The Village has an Ohio Water Development Authority (OWDA) loan for the Village Wastewater Treatment Plant and Pump Station Improvements at (0) zero percent interest. Payments are made semi-annually. The maturity date is July 1, 2027.

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$233,151	0%
Total	\$233,151	

***Amortization***

Amortization of the above debt is scheduled as follows:

**Village of Rushsylvania, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 9 – Debt (Continued)**

Year Ending December 31:	OWDA Loan
2021	\$35,869
2022	35,869
2023	35,869
2024	35,869
2025	35,869
2026-2027	53,806
Total	<u>\$233,151</u>

**Note 10 – Contingent Liabilities**

The Village is not currently involved in litigation.

**Note 11 – Fund Balances**

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. The Village had no outstanding encumbrances.

**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. Of the amounts received, \$19,682.27 was returned to the granting agency, and \$33,101.47 was spent on creating a safe, clean touchless environment in the public Village meeting room and public restroom areas. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements. The amounts returned to the granting agency are reflected as a reduction of intergovernmental revenue in the Coronavirus Relief Special Revenue Fund. Due to issues caused by the COVID-19 Pandemic which made it difficult to complete projects and which also resulted in an extension of the grant deadline date to 12-31-2021, the village has carried over \$15,009.07 for expenditure in the 2021 fiscal year.

**Note 13 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

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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 Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of the Village of Rushsylvania, Logan County, (the Village) and have issued our report thereon dated October 24, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 and 2021-002 that we consider to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-001 through 2021-003.

***Village's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of this Report***

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 24, 2022

**VILLAGE OF RUSHSYLVANIA  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2021-001**

**Noncompliance and Material Weakness – Utility Receipts**

**Ohio Rev. Code § 729.52** states the funds received from the collection of sewer rentals under section 729.49 of the Revised Code shall be deposited weekly with the treasurer of the municipal corporation. Money so deposited shall be kept as a separate and distinct fund and shall be known as the sewer fund. When appropriated by the legislative authority of the municipal corporation, the fund shall be subject to the order of the director of public service of a city or of the board of trustees of public affairs of a village. The director or board shall sign all orders drawn on the treasurer of the municipal corporation against such fund, which fund shall be used for the payment of the cost of the management, maintenance, operation, and repair of the sewerage system and sewage pumping, treatment, and disposal works.

Any surplus in such fund may be used for the enlargement or replacement of the system and works, for construction and reconstruction of main and interceptor storm sewers, for the payment of the interest on any debt incurred for the construction thereof, and for the creation of a sinking fund for the payment of such debt, but shall not be used for the extension of a sewerage system to serve unsewered areas or for any other purpose; provided, where such municipal corporation does not operate or maintain a sewage pumping, treatment, and disposal works, any or all of such surplus may be transferred to the general fund of the municipal corporation in the manner provided in sections 5705.15 and 5705.16 of the Revised Code.

**Ohio Rev. Code § 743.04(A)** states, in part, for the purpose of paying the expenses of conducting and managing the waterworks of a municipal corporation, including operating expenses and the costs of permanent improvements, the director of public service or any other city official or body authorized by charter may assess and collect a water rent or charge of sufficient amount and in such manner as the director, other official, or body determines to be most equitable from all tenements and premises supplied with water.

When water rents or charges are not paid when due, the director or other official or body may: a) certify them, together with any penalties, to the county auditor. The county auditor shall place the certified amount on the real property tax list and duplicate against the property served by the connection if the auditor also receives from the director or other official or body additional certification that the unpaid rents or charges have arisen pursuant to a service contract made directly with an owner who occupies the property served. Any amounts collected by the county treasurer under this division shall be immediately placed in the distinct fund established by section 743.06 of the Revised Code; and/or b) collect them by actions at law, in the name of the city from an owner, tenant, or other person who is liable to pay the rents or charges.

**Ohio Rev. Code § 743.05** states, in part, that after payment of the expenses of conducting and managing the water works, any surplus of a municipal corporation may be applied to the repairs, enlargement, or extension of the works or of the reservoirs, the payment of the interest of any loan made for their construction, or for the creation of a sinking fund for the liquidation of the debt. The amount authorized to be levied and assessed for water-works purposes shall be applied by the legislative authority to the creation of the sinking fund for payment of any indebtedness incurred for the construction and extension of water works and for no other purpose; provided, where such municipal corporation does not operate or maintain a water works or a sewage pumping, treatment, and disposal works, any or all such surplus may be transferred to the general fund of the municipal corporation in the manner provided for in sections 5705.15 and 5705.16 of the Revised Code.

**FINDING NUMBER 2021-001**  
**(Continued)**

**Ohio Rev. Code § 743.06** states, in part, that money collected for water-works purposes shall be deposited weekly with the treasurer of the municipal corporation, and shall be kept as a [sic] separate and distinct fund. When appropriated by the legislative authority of the municipal corporation, such money shall be subject to the order of the director of public service. The director shall sign all orders drawn on the treasurer of the municipal corporation against such fund.

The Village did not have ordinances that establish the fund allocation of water and sewer utilities receipt postings. The Village did not maintain the needed documentation to properly gain assurance that utility receipts, including delinquent utility receipts that were collected as a special assessment by Logan County, were allocated among the correct funds; however, they were all posted as Enterprise charges for services. The amounts posted to the Uniform Accounting System (UAN) did agree to the allocation of monies per the Utilities System.

Failure to establish and maintain documentation of utility receipt fund allocations could result in inaccurate accounting records and misstated reports. The Village should establish fund allocations for the posting of utility receipts and maintain documentation in a Village ordinance. The Village should also verify support is kept for the delinquencies to be paid that are sent into the County Auditor to be added as taxes so they are properly posted to the correct funds when payment is received.

**Officials' Response:**

The Village will pass an updated ordinance establishing the fund allocations for all water and sewer receipts as soon as such ordinance is drafted and presented to Council. All delinquencies sent to the auditor will be posted to the water and sewer as per the Utilities System and such amounts will be included in the tax assessment ordinance.

**FINDING NUMBER 2021-002**

**Noncompliance and Material Weakness – Financial Reporting**

**Ohio Rev. Code § 733.28** provides, in part, that the Village Clerk shall keep the books of the Village and exhibit accurate statements of all moneys received and expended, of all the property owned by the Village and the income derived therefrom, and of all taxes and assessments. **Ohio Admin. Code § 117-2-02(A)**, states, in part, that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

**Ohio Rev. Code § 5705.10(D)** provides, in part, 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.

**FINDING NUMBER 2021-002**  
**(Continued)**

**Ohio Rev. Code § 5735.27(A)** provides, in part, that villages are to receive tax monies from the State treasury, derived from the gasoline excise tax, to be used to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to pay the costs apportioned to the municipal corporation under section 4907.47 of the Revised Code; to purchase, erect, and maintain traffic lights and signals; to pay the principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for the purpose of acquiring or constructing roads, highways, bridges, or viaducts or acquiring or making other highway improvements for which the municipal corporation may issue bonds; and to supplement revenue already available for these purposes. This money should be receipted into the Street Construction, Maintenance, and Repair Fund (also referred to statutorily as the “gasoline excise tax fund”).

**Ohio Rev. Code § 5735.28** states wherever a municipal corporation is on the line of the state highway system as designated by the director of transportation as an extension or continuance of the state highway system, seven and one-half per cent of the amount paid to any municipal corporation pursuant to sections 4501.04 and 5735.27 of the Revised Code shall be used by it only to construct, reconstruct, repave, widen, maintain, and repair such highways, to purchase, erect, and maintain traffic lights and signals, and to erect and maintain street and traffic signs and markers on such highways, or to pay principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133 of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for such purposes. The financial activity should be receipted to the State Highway Fund (also referred to statutorily as the “highway operating fund”).

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following misstatements were identified and adjusted on the financial statements and where applicable, to the accounting records:

**General Fund**

- 2020 – Principal Retirement of \$6,273 was posted as Interest and Fiscal Charges
- 2020 - Gasoline Excise Tax receipts of \$2,521 were posted to the incorrect General fund rather than Street Construction Maintenance and Repair and State Highway Funds.
- 2020 – Auto License Taxes of \$1,100 were posted to the incorrect General fund rather than Street Construction Maintenance and Repair and State Highway Funds.
- 2020 – Property Taxes of \$39,249 were posted as Intergovernmental Revenue

**Special Revenue Fund**

- 2020 – Principal Retirement of \$6,273 was posted as Interest and Fiscal Charges
- 2020 - Gasoline Excise Tax receipts of \$2,521 were posted to the incorrect funds
- 2020 - Auto License Taxes of \$1,100 were posted to the incorrect funds
- 2020 – Coronavirus Relief Fund receipts of \$67,787 were posted as Miscellaneous Revenue
- 2020 – Coronavirus Relief Fund repayment of \$19,682 was posted as Public Health Services expenditure rather than reduction of Intergovernmental Revenue
- 2021 - Gasoline Excise Tax receipts of \$3,768 were posted to the incorrect fund
- 2021 - American Rescue Plan receipts of \$27,759 were posted as Miscellaneous Revenue

**FINDING NUMBER 2021-002**  
**(Continued)**

**Enterprise Fund**

- 2020 - Delinquent utilities receipts of \$1,249 were posted as Special Assessments Revenue
- 2020 – Water Replacement and Improvement Fund Charges for Services of \$500 were posted as Water Operating Fund Charges for Services
- 2020 – Enterprise Charges for Services of \$16,531 were incorrectly posted in 2021
- 2021 - Delinquent utilities receipts of \$18,776 were posted as Special Assessments Revenue
- 2021 - Enterprise Charges for Services of \$15,855 were incorrectly posted in 2022

In addition to the misstatements above, we also identified additional misstatements ranging from \$20 to \$2,524, which we have brought to the Village's attention.

The failure to correctly classify financial activity in the accounting records and financial statements may impact the user's understanding of the financial operations, the Village's ability to make sound financial decisions or comply with budgetary law, and/or result in materially misstated reports. Not properly accounting for grants/loans could result in misspending by the Village.

The Village should have procedures in place to provide for accurate and complete recording of financial activity and balances in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

**Officials' Response:**

Funds will be adjusted per auditor's list of adjustments received. Those receipts that were posted in error will be discussed with the auditors at the final meeting so that all receipts can be posted accurately going forward.

**FINDING NUMBER 2021-003**

**Noncompliance – Ohio Pooled Collateral System (OPCS)**

**Ohio Rev. Code § 135.18(A)** states, in part, each institution designated as a public depository and awarded public deposits shall provide security for the repayment of all public deposits.

**Ohio Rev. Code § 135.182(B)(2)** states, in part, under this program, each institution designated as a public depository that selects the pledging method prescribed in division (A)(2) of section 135.18...shall pledge to the treasurer of state a single pool of eligible securities for the benefit of all public depositors at the public depository to secure the repayment of all uninsured public deposits at the public depository, provided that at all times the total market value of the securities so pledged is at least equal to either of the following: (a) One hundred two per cent of the total amount of all uninsured public deposits; (b) An amount determined by rules adopted by the treasurer of state that set forth the criteria for determining the aggregate market value of the pool of eligible securities pledged by a public depository pursuant to division (B) of this section. A public depositor shall be responsible for periodically confirming the accuracy of its account balances with the treasurer of the state; otherwise, the treasurer of state shall be the sole public depositor responsible for monitoring and ensuring the sufficiency of securities pledged under this section.

**FINDING NUMBER 2021-003**  
**(Continued)**

The Village demand deposits were improperly listed as business/commercial accounts, which left Village monies not properly collateralized for the years ended December 31, 2020 and 2021. Further, although the Village's account was with a financial institution who is part of the Ohio Pooled Collateral Program (OPCP), there was no evidence of controls to verify the Village was monitoring collateral as the Village has not logged into the Ohio Pooled Collateral System (OPCS) to confirm balances monthly.

Failure to log into the system periodically can cause possible irregularities to be present in the data presented but not detected. In addition, the Village is at risk for loss of monies deposited should the bank incur a loss due to the incorrect account classifications.

The financial institution should be contacted to correct the classification of the Village's deposits and to provide proof of proper collateralization. Further, the Village should implement internal controls to verify monies are properly collateralized on a monthly basis by logging into OPCS.

**Officials' Response:**

Fiscal Officer is in the process of trying to get into the OPCS web site. A new Depository Agreement has been signed at PNC Bank designating funds as public funds. So far there has been no further progress with the bank. Efforts will continue to get this finding resolved.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2021 and 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	<b>Material Weakness – Financial Statement Presentation</b>	Not Corrected	The Fiscal Officer currently submits the Fund Status report monthly to Council. All warrants issued and deposits received are listed on the monthly agenda. If more steps are needed to correct this finding, the fiscal officer would like additional guidance on how to become fully compliant.  Repeated as Finding 2021-002
2019-002	<b>Material Weakness/Noncompliance – Pooled Collateral – Ohio Revised Code § 135.18(A)(1)</b>	Not Corrected	The Village is working on getting access to the account for the Ohio Pooled Collateral System and will set a schedule to make regular checks on the account going forward.  Repeated as Finding 2021-003



# 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 11/10/2022**

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

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