



Dave Yost • Auditor of State

November 15, 2018

The Honorable Phillip LaJoye
The Honorable Jarrod Montavon
The Honorable Eric Lutz
Rush Township
24 Maple Street
McDermott, Ohio 45652

Dear Board of Trustees:

On July 22, 2014, Rush Township, Scioto County (the “Township”) was declared to be in a state of fiscal caution by the Auditor of State. The declaration was based on a review of the Township’s financial records on June 24, 2014. The 2010-2011 financial audit included significant deficiencies, material weaknesses and direct and material noncompliance with Ohio law, including the Township erroneously posted various receipts and disbursements to incorrect accounts and funds, negative cash fund balance, failure to pass its appropriation measures on or about the first of the year, expenditures in excess of appropriations, and the Township did not properly encumber funds prior to commitment. Also, the Township had not reconciled its account journals and ledgers with the bank. The last reconciliation was performed March 31, 2012.

Over the past years, the Local Government Services Section of the Auditor of State’s Office has met with the Fiscal Officer to review the actions taken to eliminate these deficiencies. A summary of our review of the Township’s progress in resolving the deficiencies that led to the Declaration of Fiscal Caution on July 22, 2014, follows.

Reconcile Account Journals and Ledgers with the Bank

Deficiency: The Township had not reconciled its account journals and ledgers with the bank. The last reconciliation was March 31, 2012 (27 months).

Resolution: The Township is now reconciling its accounting journals and ledgers with the bank on a monthly basis. Any and all reconciling items are documented and addressed accordingly in a timely manner.

Material Weaknesses and Material Noncompliance

Deficiency: The Township should identify and correct material weaknesses and direct and material noncompliance citations with Ohio law as addressed in the Schedule of Findings and in the Management Letter that accompanied the Township’s financial audit report for 2010 and 2011.

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Resolution: The Township has corrected the material weaknesses and direct and material noncompliance with Ohio law as outlined in the 2010-2011 audit as follows:

- The Township is posting receipts and disbursements to the correct accounts and funds.
- The Township no longer has funds with negative cash balances due to conservative spending and the implementation of a five-year forecast.
- The Township is passing appropriation measures on or about the first of the year.
- The Township does not have expenditures in excess of appropriations.
- The Township is properly encumbering funds prior to commitments.

Conclusion:

Rush Township has made satisfactory progress in correcting the deficiencies listed above, and the Township's fiscal caution status under Section 118.025 of the Ohio Revised Code has been terminated.

My sincere congratulations and hope for continued success to Rush Township in maintaining financial stability in future years.

Sincerely,



Dave Yost
Auditor of State

cc: Jill Springs, Fiscal Officer
Robert R. Hinkle, Chief Deputy Auditor
Unice S. Smith, Chief of Local Government Services
April C. Davis, Chief Project Manager, Local Government Services
Loren S. Crisp, Chief Auditor