



**VILLAGE OF WEST RUSHVILLE  
FAIRFIELD COUNTY**

**REGULAR AUDIT**

**FOR YEARS ENDED DECEMBER 31, 1999 AND 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF WEST RUSHVILLE  
FAIRFIELD COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of West Rushville  
Fairfield County  
P.O. Box 113  
West Rushville, Ohio 43163

To members of Village Council:

We have audited the accompanying financial statements of Village of West Rushville, Fairfield County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the as of Village of West Rushville, Fairfield County, Ohio, as of December 31, 1999 and December 31, 1998, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, and Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

January 19, 2001

**VILLAGE OF WEST RUSHVILLE  
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only) Total</u>
<b>Cash Receipts:</b>			
Local Taxes	\$1,743	\$0	\$1,743
Intergovernmental	9,949	5,283	15,232
Miscellaneous	2,413	0	2,413
Total Cash Receipts	<u>14,105</u>	<u>5,283</u>	<u>19,388</u>
<b>Cash Disbursements:</b>			
Current:			
Basic Utility Services	494	0	494
Transportation	1,300	2,937	4,237
General Government	6,448	0	6,448
Total Cash Disbursements	<u>8,242</u>	<u>2,937</u>	<u>11,179</u>
Excess of Cash Receipts Over/(Under)Cash Disbursements	5,863	2,346	8,209
Fund Cash Balances January 1, 1999	<u>3,790</u>	<u>5,222</u>	<u>9,012</u>
<b>Fund Cash Balances, December 31, 1999</b>	<b><u><u>\$9,653</u></u></b>	<b><u><u>\$7,568</u></u></b>	<b><u><u>\$17,221</u></u></b>

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

**VILLAGE OF WEST RUSHVILLE  
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
DECEMBER 31, 1998**

	<b>General</b>	<b>Special Revenue</b>	<b>(Memorandum Only)  Total</b>
<b>Cash Receipts:</b>			
Local Taxes	\$1,492	\$0	\$1,492
Intergovernmental	11,023	4,714	15,737
Miscellaneous	362	0	362
	<u>12,877</u>	<u>4,714</u>	<u>17,591</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Basic Utility Services	712	0	712
Transportation	4,569	2,748	7,317
General Government	11,168	0	11,168
	<u>16,449</u>	<u>2,748</u>	<u>19,197</u>
<b>Total Cash Disbursements</b>			
Excess of Cash Receipts Over/(Under)Cash Disbursements	(3,572)	1,966	(1,606)
Fund Cash Balances January 1, 1998	<u>7,362</u>	<u>3,256</u>	<u>10,618</u>
<b>Fund Cash Balances, December 31, 1998</b>	<u><b>\$3,790</b></u>	<u><b>\$5,222</b></u>	<u><b>\$9,012</b></u>

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



**VILLAGE OF WEST RUSHVILLE  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

**VILLAGE OF WEST RUSHVILLE  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. 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 and object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

**3. Encumbrances**

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>1999</u>		<u>1998</u>
Demand deposits	\$ <u>17,221</u>	\$	<u>9,012</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**VILLAGE OF WEST RUSHVILLE  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follow:

**1999 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 11,943	\$ 14,105	\$ 2,162
Special Revenue	3,500	5,283	1,783
Total	<u>\$ 15,443</u>	<u>\$ 19,388</u>	<u>\$ 3,945</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 15,493	\$ 8,242	\$ 7,251
Special Revenue	6,277	2,937	3,340
Total	<u>\$ 21,770</u>	<u>\$ 11,179</u>	<u>\$ 10,591</u>

**1998 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 11,300	\$ 12,877	\$ 1,577
Special Revenue	3,500	4,714	1,214
Total	<u>\$ 14,800</u>	<u>\$ 17,591</u>	<u>\$ 2,791</u>

**1998 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 18,527	\$ 16,449	\$ 2,078
Special Revenue	5,787	2,748	3,039
Total	<u>\$ 24,314</u>	<u>\$ 19,197</u>	<u>\$ 5,117</u>

The village did not use the encumbrance method of accounting as required by law. The village had appropriations in excess of estimated resources.

**VILLAGE OF WEST RUSHVILLE  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**4. PROPERTY TAX**

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEMS**

The Village has no full-time employees. However, some of the elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

Village of West Rushville  
Fairfield County  
P.O. Box 113  
West Rushville, Ohio 43163

We have audited the accompanying financial statements of the Village of West Rushville, Fairfield County, Ohio (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated January 19, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-30623-001 through 1999-30623-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated January 19, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village' ability to record process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-30623-005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated January 19, 2001.

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

**JIM PETRO**  
Auditor of State

January 19, 2001

**VILLAGE OF WEST RUSHVILLE  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>1999-30623-001</b>
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**Village Officials Compensation**

Ohio Rev. Code Section 731.13 provides “the legislative authority in the case of elective officers, fix their compensation for the ensuing term of office at a meeting held not later than five days prior to the last day fixed by law for filing as a candidate for such office. The compensation so fixed shall not be increased or diminished during the term for which any officer is elected or appointed.”

No evidence was presented documenting the Mayor’s or Council’s salaries. The Village Council did obtain affidavits stating their compensation in the previous audit. The compensation of the mayor and village council has remained the same as noted in prior periods. However, the Village did not provide further documentation in the current period.

We recommend that the Village Council set the compensation of the Council members and the Mayor by resolution or ordinance in the minutes.

<b>Finding Number</b>	<b>1999-30623-002</b>
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**Annual Appropriation Measure**

Ohio Rev. Code Section 5705.38 requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

The Village passed an appropriation measure for the 1998 and 1999 calendar years on February 1, 1998 and February 8, 1999 respectively. Additionally, only the 1998 measure was filed with the County Budget Commission. The Village did not provide documentation that a temporary measure was passed as required by law. Thus all expenditures made of January of each year were in violation of Ohio Rev. Code Section 5705.41(B), which states that no subdivision can expend money unless it has been appropriated.

We recommend that the Village Council continue to pass an appropriation resolution on or about the first day of January for each fiscal year and file it with the County Budget Commission. If necessary a temporary appropriation can be passed until receipt of the amended certificate of estimated resources.

VILLAGE OF WEST RUSHVILLE  
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998  
(Continued)

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

<b>Finding Number</b>	<b>1999-30623-003</b>
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**Appropriation in Excess of Estimated Resources**

Ohio Rev. Code Section 5705.39 requires the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The Village's 1998 and 1999 appropriations passed for all funds exceeded the certificates of estimated resources. Therefore the Village did not receive the necessary certificate that the total appropriations do not exceed the total official estimate or amended official estimate as required by law.

We recommend that the Village Council review the appropriations passed to ensure they are within the Village's estimated resources. Additionally the Village should file the appropriations with the County Auditor to obtain the necessary certificate required by law.

<b>Finding Number</b>	<b>1999-30623-004</b>
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**Funds Certification**

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer may authorize it to be paid without the affirmation of the Village Council.

For all transactions tested in fiscal years 1998 and 1999, the fiscal officer did not make the required certifications at the time of obligating the Village for the contracts or purchase commitments. Additionally, these payments were not subsequently certified by using the "Then and Now Certificate.

We recommend that the Clerk/Treasurer certify the availability of funds at the time Village enters into contracts or purchase commitments.



VILLAGE OF WEST RUSHVILLE  
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	1999-30623-005
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**Maintenance of Records**

Upon starting the audit of the Village we noted that various records could not be provided and the 1999 financial activity had not yet been posted. This condition exhibits major concerns about the overall management of the Village's financial records and of the Village in general. Without timely financial data the Village Council may be hindered in making decisions on the operation of the Village.

We recommend that the Clerk/Treasurer make every effort to keep the Village records posted timely and also reconciled monthly. Also, the Village Council should be requested and be provided monthly activity reports including the monthly reconciliations for their review.

**VILLAGE OF WEST RUSHVILLE  
FAIRFIELD COUNTY**

**STATUS OF PRIOR YEAR AUDIT FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected/Explanation</b>
1997-30623-001	Ohio Rev. Code Section 733.27 , Requires there to be a complete set of minutes of the meetings, and ordinances/resolutions passed	Yes	
1997-30623-002	Ohio Rev. Code Section 731.13 , Requires the legislative authority to set the compensation of the elective offices.	No	The council members salaries and mayor's salaries have not changed since the prior audit. Therefore, no resolution or ordinance was completed for the current period.
1997-30623-003	Ohio Rev. Code Section 731.21 (A) and 731.22 (A) Requires that ordinances, resolutions, and proclamations of elections be published once a week for 2 weeks.	No	The ordinances, resolutions, and proclamations are not published as required.
1997-30623-004	Ohio Rev. Code Section 5705.34 Approving the Necessary Tax Levies by the required date	Yes	
1997-30623-005	Ohio Rev. Code Section 5705.36 filing the Certificate of All Sources available for expenditure on or about the first day of each fiscal year.	No	The Village did not send in the required certificate for calendar year 1999.
1997-30623-006	Ohio Rev. Code Section 5705.38 Approval of Permanent Appropriations filed with the County Auditor.	No	The Village did not file the Village's Appropriations for 1999. Also no temporary appropriations were filed by the Village in fiscal year 1998.
1997-30623-007	Ohio Rev. Code Section 5705.28 Adoption of the Tax Budget by July 15 <sup>th</sup>	Yes	
1997-30623-008	Establish an Audit Committee	No	The Village has not established an audit committee.
1997-30623-009	Payroll Deduction /Personnel Files on Village employees	No	The Village does not maintain supporting documentation on the deductions withheld from the employees checks.



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**VILLAGE OF WEST RUSHVILLE**

**FAIRFIELD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 3, 2001**