



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY
DECEMBER 31, 2023 AND 2022**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types – For the Year Ended December 31, 2023	5
Combined Statement of Receipts, Disbursements, and Change in Fund Balance (Regulatory Cash Basis) - Proprietary Fund Type – For the Year Ended December 31, 2023	6
Notes to the Financial Statements – For the Year Ended December 31, 2023	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types – For the Year Ended December 31, 2022	15
Combined Statement of Receipts, Disbursements, and Change in Fund Balance (Regulatory Cash Basis) - Proprietary Fund Type – For the Year Ended December 31, 2022	16
Notes to the Financial Statements – For the Year Ended December 31, 2022	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings.....	27
Prepared by Management:	
Summary Schedule of Prior Audit Findings	30

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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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, or the changes in financial position 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 the 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 11 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 February 26, 2025, 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

February 26, 2025

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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, 2023

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$31,444	\$2,823	\$34,267
Municipal Income Tax	86,798		86,798
Intergovernmental	55,035	36,374	91,409
Fines, Licenses and Permits	3,676		3,676
Earnings on Investments	66	18	84
Miscellaneous	5,011		5,011
<i>Total Cash Receipts</i>	<u>182,030</u>	<u>39,215</u>	<u>221,245</u>
Cash Disbursements			
Current:			
Security of Persons and Property	10,767		10,767
Leisure Time Activities	3,345		3,345
Community Environment	1,200		1,200
Transportation	32,440	35,509	67,949
General Government	104,094		104,094
<i>Total Cash Disbursements</i>	<u>151,846</u>	<u>35,509</u>	<u>187,355</u>
<i>Net Change in Fund Cash Balances</i>	30,184	3,706	33,890
<i>Fund Cash Balances, January 1</i>	<u>427,332</u>	<u>120,794</u>	<u>548,126</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$457,516</u></u>	<u><u>\$124,500</u></u>	<u><u>\$582,016</u></u>

See accompanying notes to the basic 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, 2023

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$191,650
<i>Total Operating Cash Receipts</i>	<u>191,650</u>
Operating Cash Disbursements	
Personal Services	39,834
Employee Fringe Benefits	6,084
Contractual Services	99,390
<i>Total Operating Cash Disbursements</i>	<u>145,308</u>
<i>Operating Income (Loss)</i>	<u>46,342</u>
Non-Operating Receipts (Disbursements)	
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>	10,475
<i>Fund Cash Balances, January 1</i>	<u>361,630</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$372,105</u></u>

See accompanying notes to the basic financial statements

Village of Rushsylvania, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

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 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 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.

Village of Rushsylvania, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 (C) 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.

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 the 2023 budgetary activity appears in Note 3.

Accumulated Leave

Village employees can earn sick and vacation time that can be used for time off. 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:

Village of Rushsylvania, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 - Summary of Significant Accounting Policies (Continued)

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 by the Village 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.

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 10.

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$180,100	\$182,030	\$1,930
Special Revenue	\$37,020	39,215	2,195
Enterprise	192,505	191,652	(853)
Total	<u>\$409,625</u>	<u>\$412,897</u>	<u>\$3,272</u>

Village of Rushsylvania, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 - Budgetary Activity (Continued)

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$606,535	\$151,846	\$454,689
Special Revenue	157,814	35,509	122,305
Enterprise	553,336	181,177	372,159
Total	<u>\$1,317,685</u>	<u>\$368,532</u>	<u>\$949,153</u>

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:

	2023
<i>Cash Management Pool:</i>	
Demand deposits	\$944,121
Certificates of deposit	10,000
Total carrying amount of deposits held in the Pool	<u>954,121</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

Deposits

The Village deposits are insured by the Federal Deposit Insurance Corporation. At December 31, 2023, \$694,121 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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to Logan 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.

Village of Rushsylvania, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 - Taxes

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 and remits 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.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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, 2023.

Social Security

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

Village of Rushsylvania, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 - Defined Benefit Pension Plans (Continued)

These members contributed (6.2%) of their gross salaries. The Village contributed an amount equal to (6.2%) of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 - Debt

Debt outstanding at December 31, 2023, 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-annual. The maturity date is the year 2027.

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$125,543	0%
Total	<u>\$125,543</u>	

Amortization

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

<u>Year Ending December 31,2021</u>	<u>OWDA Loan</u>
2024	35,869
2025	35,869
2026	35,869
2027	17,936
Total	<u>\$125,543</u>

Note 9 - Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, (if significant federal grants were received continue this sentence with the following) principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Village of Rushsylvania, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 – 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 11 - 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 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will 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.

As of 2023, the Village has expended the American Rescue Act funding through project expenditures and the standard allowance as revenue loss for provision of general government services.

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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, 2022

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$30,620	\$2,848	\$33,468
Municipal Income Tax	91,870		91,870
Intergovernmental	82,805	63,916	146,721
Fines, Licenses and Permits	4,261		4,261
Earnings on Investments	61	16	77
Miscellaneous	725		725
<i>Total Cash Receipts</i>	<u>210,342</u>	<u>66,780</u>	<u>277,122</u>
Cash Disbursements			
Current:			
Security of Persons and Property	10,253		10,253
Public Health Services		28,586	28,586
Leisure Time Activities	3,420		3,420
Community Environment	1,695		1,695
Transportation	33,454	12,989	46,443
General Government	98,853		98,853
<i>Total Cash Disbursements</i>	<u>147,675</u>	<u>41,575</u>	<u>189,250</u>
<i>Net Change in Fund Cash Balances</i>	62,667	25,205	87,872
<i>Fund Cash Balances, January 1</i>	<u>364,665</u>	<u>95,589</u>	<u>460,254</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$427,332</u></u>	<u><u>\$120,794</u></u>	<u><u>\$548,126</u></u>

See accompanying notes to the basic financial statements

Village of Rushsylvania, Ohio
Logan County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$198,797
<i>Total Operating Cash Receipts</i>	<i>198,797</i>
Operating Cash Disbursements	
Personal Services	40,677
Employee Fringe Benefits	6,284
Contractual Services	101,720
<i>Total Operating Cash Disbursements</i>	<i>148,681</i>
<i>Operating Income (Loss)</i>	<i>50,116</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments	2
Principal Retirement	(35,869)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(35,867)</i>
<i>Net Change in Fund Cash Balances</i>	<i>14,249</i>
<i>Fund Cash Balances, January 1</i>	<i>347,381</i>
<i>Fund Cash Balances, December 31</i>	<i>\$361,630</i>

See accompanying notes to the basic financial statements

Village of Rushsylvania, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 changes in fund balances (regulatory cash basis) for all proprietary fund types 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.

American Rescue Plan Fund The American Rescue Plan fund is a grant used to support the Village's response and recovery from the COVID-19 public health emergency.

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 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.

Village of Rushsylvania, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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 (C). 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 (C) 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.

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 the 2022 budgetary activity appears in Note 3.

Accumulated Leave

Village employees can earn sick and vacation time that can be used for time off. 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:

Village of Rushsylvania, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

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 by the Village 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.

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 10.

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$191,150	\$210,342	\$19,192
Special Revenue	\$64,904	66,780	1,876
Enterprise	197,005	198,799	1,794
Total	<u>\$453,059</u>	<u>\$475,921</u>	<u>\$22,862</u>

Village of Rushsylvania, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 - Budgetary Activity (Continued)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$558,529	\$147,675	\$410,854
Special Revenue	156,266	41,575	114,691
Enterprise	527,748	184,550	343,198
Total	<u>\$1,242,543</u>	<u>\$373,800</u>	<u>\$868,743</u>

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:

	<u>2023</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$899,756
Certificates of deposit	<u>10,000</u>
Total carrying amount of deposits held in the Pool	<u>909,756</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

Deposits

The Village deposits are insured by the Federal Deposit Insurance Corporation. At December 31, 2022, \$649,756 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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to Logan 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.

Village of Rushsylvania, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Taxes (Continued)

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 and remits 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.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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, 2022.

Social Security

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

Village of Rushsylvania, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 - Defined Benefit Pension Plans (Continued)

These members contributed (6.2%) of their gross salaries. The Village contributed an amount equal to (6.2%) of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 - Debt

Debt outstanding at December 31, 2022, 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-annual. The maturity date is the year 2027.

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	161,412	0%
Total	<u><u>\$161,412</u></u>	

Amortization

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

<u>Year Ending December 31,2021</u>	<u>OWDA Loan</u>
2023	35,869
2024	35,869
2025	35,869
2026	35,869
2027	17,936
Total	<u><u>\$161,412</u></u>

Note 9 - Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, (if significant federal grants were received continue this sentence with the following) principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Village of Rushsylvania, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – 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 11 - 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 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will 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 2022, the Village received American Rescue Act funding .The village received \$27,980.67 in American Rescue Act funds in 2022. The village carried over \$604.62 from 2021. The balance of \$28,585.29 was designated by resolution as a standard allowance as revenue loss for provision of general government services. This amounts is reflected as general government expenditures in the American Rescue Fund and an intergovernmental receipt to the General Fund on the accompanying financial statements.

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OHIO AUDITOR OF STATE KEITH FABER

65 East State Street
Columbus, Ohio 43215
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800-282-0370

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 43327

To the Village Council:

We have audited, in accordance the 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 (*Government Auditing Standards*), 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, 2023 and 2022 and the related notes to the financial statements of the Village of Rushsylvania, Logan County, (the Village) and have issued our report thereon dated February 26, 2025, 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 purpose 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 Entity Type'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 item 2023-001 and 2023-003 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-002.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the finding 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

The 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

February 26, 2025

**VILLAGE OF RUSHSVLVANIA
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2023-001

Material Weakness – Accuracy of Financing Reporting

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.

Possibly due to the lack of controls over financial reporting, the following errors were identified in the financial statements:

- Homestead and rollback receipts in the amount of \$2,105 in 2023 and \$1,078 in 2022 were recorded as property and other local taxes instead of intergovernmental receipts in the General fund.
- Delinquent water and sewer receipts assessed, collected, and distributed to the Village by Logan County in the amount of \$1,541 and \$2,311 in 2023 and \$3,988 and \$5,998 in 2022 were recorded as special assessments instead of charges for services in the Water Operating fund and Sewer Operating fund.
- A reimbursement of services related to income tax collection fees in the amount of \$3,849 in 2023 was recorded as income tax receipts instead of miscellaneous receipts in the General fund.
- ARPA revenue replacement funding in the amount of \$27,981 was recorded as miscellaneous receipts instead of intergovernmental receipts in the special revenue ARPA fund in 2022.

The accompany financial statements have been adjusted to correct these errors.

In addition, errors and/or updates were also identified and corrected in the notes to the financial statements, including but not limited to, identification of significant funds within the summary of significant accounting policies, the cash note, debt schedules and disclosure for budgeted vs. actual budgetary basis expenditures.

Financial statement reporting errors may impact a user's understanding of the financial operations, the ability to make sound financial decisions, the ability to comply with budgetary laws, and may result in the material misstatement of the financial statements.

To help ensure the Village's financial statements are complete and accurate, the Village should adopt controls and/or procedures to identify and correct errors and omissions. Resources such as the Ohio Village Handbook, the Uniform Accounting Network (UAN) Manual, and the village financial statement shells on the Auditor of State website can be utilized when recording transactions and preparing the annual financial statements. Prior to filing, a secondary review of the financial statements should be performed to verify that all amounts are accurate and agree to supporting documentation.

OFFICIALS' RESPONSE:

I have reviewed the errors and will work to make sure these receipts are accurate in the future. We will have a discussion with Council to make sure we are addressing, identifying and correcting errors and omissions moving forward.

FINDING NUMBER 2023-002

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)(1)(2) states, in part, the treasurer of state shall create the Ohio pooled collateral program. Under this program, each institution designated as a public depository that selects the pledging method described 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.

The Village demand deposits were improperly listed as business/commercial accounts, which left Village monies not properly collateralized for the years ended December 31, 2023 and 2022. 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:

We have discussed this with PNC on multiple occasions. I was under the assumption the issue had been corrected. I have already reached out to our representative at PNC and she is working on troubleshooting and a potential resolution. The issue may lie in the age of our account and account type due to the age/grandfathering as a business instead of government entity. She and I are making this a priority to have corrected quickly.

FINDING NUMBER 2023-003

Material Weakness – Lack of Service Organization Controls

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition.

FINDING NUMBER 2023-003
(Continued)

The Village outsourced income tax collections, which is a significant accounting function, to a third-party administrator, Village Tax Collection LLC during 2023. The Village has not established procedures to determine whether this service organization has sufficient controls in place and operating effectively to reasonably assure that the income tax receipts were collected and accurately processed in accordance with the contract. Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations. An unmodified Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of the Design and Operating Effectiveness of Controls in accordance with AT-C 320 should provide the Village with reasonable assurance over income tax receipt collection and processing. The Village's agreement with Village Tax Collection LLC states the organization is due to have an annual audit of their operations by an independent certified public accounting firm for the purpose of verifying the correctness of all accounting procedures employed, all distributions of funds made, allocation of all costs, and all reports submitted to the Village by the Collector. However, there was no evidence found supporting that this was done for 2023.

Failing to ensure adequate controls are in place and operating effectively could result in errors occurring without detection.

The Village should require a Type 2 SOC 1 report in its contract with the third-party administrator and should review the SOC 1 report timely. The report should follow the American Institute of Certified Public Accountants' Attestation Standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state. If the third-party administrator refuses to furnish the Village with a Type 2 SOC 1 report, the Village should contract with a third-party administrator that will provide this report.

OFFICIALS' RESPONSE:

I have already brought this to the attention of the Mayor and will discuss with Council how we are going to proceed. My recommendation to Council will be to ask for an audit for the current year and the previous year in which the audit was not conducted. If the accounting firm cannot comply with their agreement, I will recommend we look at new income tax collectors.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2023 and 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Noncompliance and Material Weakness – Utility Receipts	Partially Corrected	The Village approved a new rate Ordinance and implemented it in 2023 so this is corrected going forward. Some allocations were not supported by approved legislation during 2022 which resulted in a management letter comment.
2021-002	Noncompliance and Material Weakness – Financial Reporting	Not Corrected	The Fiscal Officer will review receipt classifications and accounts when posting receipts to UAN going forward. Repeated as Finding 2023-001
2021-003	Noncompliance – Ohio Pooled Collateral System	Not Corrected	The Village will work on contacting the financial institution to update the classification of accounts and establishing an account with the Ohio Pooled Collateral System to make regular checks on the account going forward. Repeated as Finding 2023-002

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 4/8/2025

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

This report is a matter of public record and is available online at
www.ohioauditor.gov