

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**AUDIT REPORT**

**JANUARY 1, 2017 - DECEMBER 31, 2018**



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

Board of Trustees  
Rush Township  
10306 Kennedy Hill Road SE  
Uhrichsville, Ohio 44683

We have reviewed the *Independent Auditors' Report* of Rush Township, Tuscarawas County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Rush Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

July 11, 2019

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**RUSH TOWNSHIP  
TUSCARAWAS COUNTY  
JANUARY 1, 2017 - DECEMBER 31, 2018**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Rush Township  
Tuscarawas County  
10306 Kennedy Hill Road SE  
Uhrichsville, Ohio 44683

To the Township Trustees:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of Rush Township, Tuscarawas County, as of and for the years ended December 31, 2018 and 2017.

**Management's Responsibility For the Financial Statements**

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonable determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

#### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Rush Township, Tuscarawas County as of December 31, 2018 and 2017, or changes in financial position thereof for the years then ended.

#### **Basis for Adverse Opinion on Regulatory Basis of Accounting**

During 2018 and 2017, the Fiscal Officer's & Trustees' payroll certifications did not match what was paid. Salaries of \$839, \$2,939, and \$1,841 should have been taken out of the General Fund, Gasoline Tax Fund and Road & Bridge Fund, respectively. Therefore, \$5,619 of salaries posted to the Motor Vehicle License Tax Fund should not have been posted there based on certifications required by Ohio Revised Code Section 505.24 (C) and Ohio Attorney General Opinion 2004-036. The Township declined to make the adjustments. Had the Township agreed to the adjustments the General Fund Balance would have been (\$27,947) and (\$16,295) at December 31, 2018 and 2017, respectively. The Special Revenue Fund Balance would have been \$165,565 and \$140,964 at December 31, 2018 and 2017, respectively.

During 2012 and 2011, the Township paid trustee wages from the Special Revenue Motor Vehicle License, Gasoline Tax, and Road & Bridge Funds. The wages were not supported by certifications of services performed from those funds as required by Ohio Revised Code Section 505.24 (C) and Ohio Attorney General Opinion 2004-036. The Township declined to make the adjustments. Had the Township agreed to the adjustments the General Fund Balance would have been (\$42,385) and (\$39,680) at December 31, 2012 and 2011, respectively. The Special Revenue Fund Balance would have been \$90,360 and \$73,373 at December 31, 2012 and 2011, respectively.

During 2010 and 2009 the Township paid debt and liability premium payments from the Special Revenue Gasoline Tax Fund. The payments were not allowable per Ohio Constitution Article XII, Section 5a and Ohio Revised Code Section 5735.27(A)(5)(d). The Township declined to make the adjustments. Had the Township agreed to the adjustment the General Fund beginning balance would have been (\$14,981). The Special Revenue Fund beginning balance would have been \$52,187.

#### **Adverse Opinion on Regulatory Basis of Accounting**

In our opinion, based on the effects of the matters described in the basis for Adverse Opinion on Regulatory Basis paragraph, the financial statements referred to above do not present fairly, in all material respects, the combined cash balances of Rush Township, Tuscarawas County as of December 31, 2018 and 2017, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits, described in Note 2.



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated May 23, 2019, on our consideration of Rush Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
May 23, 2019

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 47,311	\$ 44,236	\$ -	\$ 91,547
Intergovernmental	32,157	110,076	-	142,233
Earnings on Investments	25	4	-	29
Miscellaneous	836	-	-	836
<b>Total Cash Receipts</b>	<u>80,329</u>	<u>154,316</u>	<u>-</u>	<u>234,645</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	72,902	39,426	-	112,328
Public Safety	7,565	20,914	-	28,479
Public Works	2,568	69,155	-	71,723
Debt Service:				
Principal Retirement	7,625	-	-	7,625
Interest and Fiscal Charges	541	-	-	541
<b>Total Cash Disbursements</b>	<u>91,201</u>	<u>129,495</u>	<u>-</u>	<u>220,696</u>
<b>Net Change in Fund Cash Balance</b>	(10,872)	24,821	-	13,949
<b>Fund Cash Balances, January 1</b>	<u>25,163</u>	<u>99,506</u>	<u>59</u>	<u>124,728</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	121,239	59	121,298
Committed	-	3,088	-	3,088
Unassigned (Deficit)	14,291	-	-	14,291
<b>Fund Cash Balances, December 31</b>	<u>\$ 14,291</u>	<u>\$ 124,327</u>	<u>\$ 59</u>	<u>\$ 138,677</u>

See notes to financial statements.

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**1. REPORTING ENTITY**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Rush Township, Tuscarawas County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance and fire protection services. The Township contracts with the Smith Ambulance Service, Inc. to provide ambulance services.

The Township participates in the Ohio Township Association Risk management Authority (OTARMA) public entity risk pool and in the Tuscarawas County Regional Planning Commission, a jointly governed organization. Notes 6, 7 and 8 to the financial statements provides additional information for these entities. These organizations are:

**Public Entity Risk Pool:**

The Township belongs to the Ohio Township Association Risk management Authority (OTARMA) a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

**Jointly Governed Organization**

The Tuscarawas County Regional Planning Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county.

**Joint Ventures**

The Township and City of Uhrichsville has created a Joint Economic Development District (JEDD). See note 8 for more information.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The Township'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 and fiduciary fund types which are organized on a fund type basis.

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**B. Fund Accounting**

The Township 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 Township 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 Township 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 Township had the following significant Special Revenue Funds:

**Gasoline Tax Fund** – This fund receives gasoline tax monies to pay for constructing, maintaining, and repairing Township roads.

**Fire Levy Fund** – This fund receives property tax monies to pay for fire protection services.

**C. 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 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 117-2-03(D) permit.

**D. 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 and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**Estimated Resources**

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

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 appears in Note 3.

**E. Deposits and Investments**

The Township's accounting basis includes investment as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**F. Capital Assets**

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

**G. 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.

**H. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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.

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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

**Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township 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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2018 is as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 75,343	\$ 80,329	\$ 4,986
Special Revenue	128,235	154,316	26,081
Total	\$ 203,578	\$ 234,645	\$ 31,067

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 100,506	\$ 91,201	\$ 9,305
Special Revenue	227,741	129,495	98,246
Total	\$ 328,247	\$ 220,696	\$ 107,551

Contrary to ORC 5705.41(D), the Township had made expenditures prior to certification.

**4. EQUITY IN POOLED CASH**

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2018
Demand Deposits	\$ 138,677
Total Deposits	\$ 138,677

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**4. EQUITY IN POOLED CASH (Continued)**

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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

**6. RISK MANAGEMENT**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017 (the latest information available).

	<u>2017</u>
Assets	\$40,010,732
Liabilities	<u>(8,675,465)</u>
Retained Earnings	<u><u>\$31,335,267</u></u>

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**6. RISK MANAGEMENT(Continued)**

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township’s share of these unpaid claims collectible in future years is approximately \$5,456.

Based on discussion with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

2018	\$12,399
2017	12,395
2016	12,434

After completing one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**7. DEFINED BENEFIT PENSION PLANS**

*Ohio Public Employees Retirement System*

The Township’s full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant’s gross salaries. The Township has paid all contributions required through December 31, 2018.

**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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**9. DEBT**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest rate
First National Bank of Dennison – Durapatcher	\$ 7,625	3.50%
Total	\$ 7,625	



**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**9. DEBT (Continued)**

In 2015, the Township borrowed \$30,612 to purchase a durapatcher to be used for patching roads. Payments are to be made yearly with an interest rate of 3.5% over 4 years. This will be repaid from the General Fund.

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

Year Ended December 31	Durapatcher
2019	\$ 7,896
Total	\$ 7,896

**10. PUBLIC ENTITY RISK POOL**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

**11. JOINTLY GOVERNED ORGANIZATIONS**

The Township is associated with the Tuscarawas County Regional Planning Commission, (the Commission) as Jointly Governed Organization. The Commission is statutorily created political subdivision of the state. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county. The Township contributed \$141 in 2018 to the Regional Planning Commission.

**12. JOINT VENTURE**

Rush Township-Uhrichsville Joint Economic Development District (JEDD) was created on September 27, 2013 pursuant to Revised Code Section 715.72 to 715.83. The JEDD was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the County, the City, the Townships and the JEDD. The term of the agreement is fifty years unless terminated prior to that date.

The JEDD board shall consist of 5 members, one member representing the Township to serve a term of one year, one member representing the City to serve a term of two years, one member representing the business owners located in the District to serve a term of three years, one member representing the persons working in the District to serve a term of four years and one member selected by the other members to serve a term of four years as chairperson of the District Board. The JEDD's Board pursuant to Revised Code 715.74 has implemented a 1.75% income tax (that will change to match the City's rate if it changes) to be used for purposes of the JEDD. The contract can be terminated at any time by mutual consent of the City and Township. The City serves as fiscal agent for the JEDD. Complete financial information can be obtained from the Rush Township-Uhrichsville Joint Economic Development District, Uhrichsville, Ohio.

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 42,217	\$ 37,916	\$ -	\$ 80,133
Intergovernmental	29,984	103,625	-	133,609
Earnings on Investments	27	3	-	30
Miscellaneous	30,230	-	-	30,230
<b>Total Cash Receipts</b>	<u>102,458</u>	<u>141,544</u>	<u>-</u>	<u>244,002</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	65,529	37,088	-	102,617
Public Safety	140	16,860	-	17,000
Public Works	5,000	57,543	-	62,543
Capital Outlay	13,000	5,650	-	18,650
Debt Service:				
Principal Retirement	14,070	5,767	-	19,837
Interest and Fiscal Charges	1,074	233	-	1,307
<b>Total Cash Disbursements</b>	<u>98,813</u>	<u>123,141</u>	<u>-</u>	<u>221,954</u>
<b>Net Change in Fund Cash Balance</b>	3,645	18,403	-	22,048
<b>Fund Cash Balances, January 1</b>	<u>21,518</u>	<u>81,103</u>	<u>59</u>	<u>102,680</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	95,928	59	95,987
Committed	-	3,578	-	3,578
Unassigned (Deficit)	25,163	-	-	25,163
<b>Fund Cash Balances, December 31</b>	<u>\$ 25,163</u>	<u>\$ 99,506</u>	<u>\$ 59</u>	<u>\$ 124,728</u>

See notes to financial statements.

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**1. REPORTING ENTITY**

**Description of the Entity**

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**Public Entity Risk Pool:**

The Township belongs to the Ohio Township Association Risk management Authority (OTARMA) a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

**Jointly Governed Organization**

The Tuscarawas County Regional Planning Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county.

**Joint Ventures**

The Township and City of Uhrichsville has created a Joint Economic Development District (JEDD). See note 8 for more information.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The Township'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 and fiduciary fund types which are organized on a fund type basis.

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

**B. Fund Accounting**

The Township 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 Township 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 Township 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 Township had the following significant Special Revenue Funds:

**Gasoline Tax Fund** – This fund receives gasoline tax monies to pay for constructing, maintaining, and repairing Township roads.

**Fire Levy Fund** – This fund receives property tax monies to pay for fire protection services.

**C. 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 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 117-2-03(D) permit.

**D. 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 and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**Estimated Resources**

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

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2017 appears in Note 3.

**E. Deposits and Investments**

The Township's accounting basis includes investment as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**F. Capital Assets**

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

**G. 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.

**H. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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.

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

**Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township 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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2017 is as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 81,663	\$ 102,458	\$ 20,795
Special Revenue	134,536	141,544	7,008
Total	\$ 216,199	\$ 244,002	\$ 27,803

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 110,382	\$ 98,813	\$ 11,569
Special Revenue	212,805	123,141	89,664
Total	\$ 323,187	\$ 221,954	\$ 101,233

Contrary to ORC 5705.41(D), the Township had made expenditures prior to certification.

Contrary to ORC 5705.39, the Township had appropriations greater than estimated resources in the General Fund.

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**4. EQUITY IN POOLED CASH**

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2017
Demand Deposits	<u>\$ 124,728</u>
Total Deposits	<u><u>\$ 124,728</u></u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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

**6. RISK MANAGEMENT**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**6. RISK MANAGEMENT(Continued)**

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

	2017
Assets	\$40,010,732
Liabilities	(8,675,465)
Retained Earnings	\$31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township’s share of these unpaid claims collectible in future years is approximately \$5,454.

Based on discussion with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA	
2017	\$12,395
2016	12,434
2015	-

After completing one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**7. DEFINED BENEFIT PENSION PLANS**

*Ohio Public Employees Retirement System*

The Township’s full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant’s gross salaries. The Township has paid all contributions required through December 31, 2017.



**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**9. DEBT**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest rate
First National Bank of Dennison – Durapatcher	\$ 15,250	3.50%
Total	\$ 15,250	

In 2015, the Township borrowed \$30,612 to purchase a durapatcher to be used for patching roads. Payments are to be made yearly with an interest rate of 3.5% over 4 years. This will be repaid from the General Fund.

In 2016, the Township borrowed \$12,000 to purchase a loader tractor to be used for numerous township jobs. The principal balance was restated to \$12,212, as of January 1, 2017 to account for loan fees. This was paid off in 2017 from the General and Gasoline Tax Funds.

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

Year Ended December 31	Durapatcher
2018	\$ 8,166
2019	7,896
Total	\$ 16,062

**10. PUBLIC ENTITY RISK POOL**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member’s deductible.

**11. JOINTLY GOVERNED ORGANIZATIONS**

The Township is associated with the Tuscarawas County Regional Planning Commission, (the Commission) as Jointly Governed Organization. The Commission is statutorily created political subdivision of the state. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member’s control over the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county. The Township contributed \$141 in 2017 to the Regional Planning Commission.

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**12. JOINT VENTURE**

Rush Township-Uhrichsville Joint Economic Development District (JEDD) was created on September 27, 2013 pursuant to Revised Code Section 715.72 to 715.83. The JEDD was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the County, the City, the Townships and the JEDD. The term of the agreement is fifty years unless terminated prior to that date.

The JEDD board shall consist of 5 members, one member representing the Township to serve a term of one year, one member representing the City to serve a term of two years, one member representing the business owners located in the District to serve a term of three years, one member representing the persons working in the District to serve a term of four years and one member selected by the other members to serve a term of four years as chairperson of the District Board. The JEDD's Board pursuant to Revised Code 715.74 has implemented a 1.75% income tax (that will change to match the City's rate if it changes) to be used for purposes of the JEDD. The contract can be terminated at any time by mutual consent of the City and Township. The City serves as fiscal agent for the JEDD. Complete financial information can be obtained from the Rush Township-Uhrichsville Joint Economic Development District, Uhrichsville, Ohio.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Rush Township  
Tuscarawas County  
10306 Kennedy Hill Road SE  
Uhrichsville, Ohio 44683

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Rush Township, Tuscarawas County as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated May 23, 2019, which was adverse as the Township did not make prior audit adjustments. We also noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered Rush Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider Findings 2018-002, 2018-003, and 2018-004 described in the accompanying schedule of findings to be material weaknesses.

Independent Auditors' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards  
Page Two

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Rush Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed three instances of noncompliance or other matters we must report under *Government Auditing Standards* described in the accompanying Schedule of Findings as items 2018-001, 2018-004, and 2018-005.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
May 23, 2019

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 and 2017**

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

**FINDING NUMBER 2018-001**

**Noncompliance**

**Ohio Revised Code Section 5705.41(D)(1)** prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

1. **“Then and Now” Certificates** – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Board.

2. **Blanket Certificate** – Fiscal officers may prepare “blanket” certificates not exceeding an amount established by resolution or ordinance of the Board against any specific line item account not extending beyond the end of the fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Blanket certificates cannot be issued unless there has been an amount approved by the Board.
3. **Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Township did not certify the availability of funds prior to purchase commitment for 21% of the expenditures tested for the audit period. Although the obligations paid by the Township had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund, and free from any previous encumbrance, this certification of available funds was not obtained prior to incurring the obligation and there was no evidence of a “Then and Now” certificate being used by the Fiscal Officer. Failure to properly certify the availability of funds can result in overspending of funds and negative cash balances.

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 and 2017**

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

**FINDING NUMBER 2018-001 (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. In rare instances when prior certification is not possible, "then and now" certification may be used.

We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include certification language Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. If the Township officials intend to use blanket certificates, then the Board of Trustees should adopt a resolution establishing the maximum amount for which blanket certificates can be issued.

**Client Response:** We have not received a response from the client.

**FINDING NUMBER 2018-002**

**Material Weakness – Current & Prior Years Findings for Adjustments not posted**

During 2018 and 2017, Fiscal Officer and Trustees salaries were paid from the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund and Road & Bridge Fund, however certifications did not match what was actually paid. Salaries of \$839, \$2,939, and \$1,841 should have been taken out of the General Fund, Gasoline Tax Fund and Road & Bridge Fund, respectively. Therefore, \$5,619 of salaries posted to the Motor Vehicle License Tax Fund should not have been posted there based on certifications.

During 2012 and 2011, Trustees salaries were paid from the Motor Vehicle License Tax Fund, Gasoline Tax Fund and Road & Bridge Fund with no certifications to support the kinds of services performed. Salaries of \$14,473 should have been posted to the General Fund and \$5,661, \$8,104 and \$708 should have been taken out of the Motor Vehicle License Tax Fund, Gasoline Tax Fund and Road & Bridge Fund, respectively. The Township declined to make this adjustment.

During 2010 and 2009, the Township paid \$26,926 of debt payments and liability insurance from the Special Revenue Gasoline Tax Fund. The payments were not paid in accordance with the purpose of the Special Revenue Gasoline Tax Fund as required by Ohio Constitution Article XII, Section 5a and Ohio Revised Code Section 5735.(A)(5)(d). The Township declined to make the adjustment.

The Township should make the prior audit adjustments to ensure accurate reporting and proper use of public funds.

**Client Response:** We have not received a response from the client.

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 and 2017**

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

**FINDING NUMBER 2018-003**

**Material Weakness – Reclassifications**

All local offices should 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, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

As a result of audit procedures, errors were noted that required reclassification and adjustment to the financial statement as follows:

The following is related to 2017:

- Homestead and rollback receipts in the amount of \$4,667, \$1,273, and \$2,412 were posted to Property and Other Local taxes within the General Fund, Road & Bridge Fund, and Fire Levy Fund instead of Intergovernmental Receipts.
- Debt payments posted to General Government within the General Fund and Public Works within the Gasoline Tax Fund were reclassified to Principal Retirement and Interest and Fiscal Charges to properly show principal and interest payments.
- Road supplies & materials in the amount of \$5,000 were posted to Public Safety in the General Fund were reclassified to Public Works.
- Health insurance & liability insurance payments in the amounts of \$34,248 and \$2,840 were posted to Public Works within the Gasoline Tax Fund and Road & Bridge Fund, respectively and were reclassified to General Government in those funds.
- A boom mower purchase in the amounts of \$13,000 and \$5,650 were posted to General Government within the General Fund and Public Works within the Gasoline Tax Fund, respectively, these were reclassified to Capital Outlay in those funds.

The following is related to 2018:

- Homestead and rollback receipts in the amount of \$4,777, \$1,303, and \$2,475 were posted to Property and Other Local taxes within the General Fund, Road & Bridge Fund, and Fire Levy Fund instead of Intergovernmental Receipts.
- Debt payments posted to General Government within the General Fund were reclassified to Principal Retirement and Interest and Fiscal Charges to properly show principal and interest payments.
- Road supplies & materials in the amount of \$2,568 were posted to General Government in the General Fund were reclassified to Public Works.

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 and 2017**

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

**FINDING NUMBER 2018-003 (Continued)**

- Ambulance service payments in the amount of \$7,350 were posted to General Government in the General Fund were reclassified to Public Safety.
- Mowing payments in the amount of \$1,925 were posted to Public Safety in the General Fund were reclassified to General Government.
- Health insurance & liability insurance payments in the amounts of \$3,000, \$33,527, and \$2,899 were posted to Public Works within the Motor Vehicle License Tax Fund, Gasoline Tax Fund and Road & Bridge Fund, respectively and were reclassified to General Government in those funds.

Reclassifications are reflected within the accompanying financial statements.

**Client Response:** We have not received a response from the client.

**FINDING NUMBER 2018-004**

**Noncompliance and Material Weakness**

Ohio Revised Code Section 505.24(D) provides that when township trustees' compensation consists of an annual salary to be paid in equal monthly payments, each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportion as the kinds of services performed.

During 2017 and 2018, Fiscal Officer's & Trustees' payroll certifications did not match what was actually paid. Salaries of \$839, \$2,939, and \$1,841 should have been taken out of the General Fund, Gasoline Tax Fund and Road & Bridge Fund, respectively. Therefore, \$5,619 of salaries posted to the Motor Vehicle License Tax Fund should not have been posted there based on certifications.

We recommend that certifications be used every month by the Fiscal Officer and each Trustee to properly account for salaries and the correct posting of such salaries. We also recommend that certifications should match what was actually paid.

**Client Response:** We have not received a response from the client.



**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 and 2017**

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

**FINDING NUMBER 2018-005**

**Noncompliance**

Ohio Revised Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. For financial information to be considered complete, financial statements must include footnotes. We noted the footnotes did not include certain information and there were some noted variances, as described below:

For December 31, 2018 were as follows:

- The Township's risk management footnote should be updated with more recent financial information for OTARMA.
- The Township did not include a debt footnote to describe debt outstanding at year end.
- The Township did not include the postemployment benefits footnote.

For December 31, 2017 were as follows:

- The Township's risk management footnote should be updated with more recent financial information for OTARMA.
- The Township did not include a debt footnote to describe debt outstanding at year end.
- The Township did not include the postemployment benefits footnote.
- The Township's budgetary footnote disclosed material variances compared to their accounting records.

We recommend the Township complete accurate and complete financial information.

**Client Response:** We have not received a response from the client.

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**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2018**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2016-001	ORC 5705.41(D)(1) Fiscal Certificates Dated After Invoices Appropriations	No	Not Corrected - Reissued as Findng 2018-001
2016-002	Material Weakness Adjustments not posted	No	Not Corrected - Reissued as Findng 2018-002
2016-003	ORC 145.03 Ohio Public Employee Retirement System withholdings	No	Partially Corrected - Reissued in Management Letter
2016-004	Material Weakness Reclassifications and adjustments	No	Not Corrected - Reissued as Findng 2018-003

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# OHIO AUDITOR OF STATE KEITH FABER



**RUSH TOWNSHIP**

**TUSCARAWAS 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  
JULY 23, 2019**