



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

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**STATE OF OHIO**



**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of Rush Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

**Jim Petro**  
Auditor of State

March 13, 2001

**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, 2000**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$19,112	\$19,859	\$38,971
Intergovernmental	37,484	69,107	106,591
Charges for Services		3,000	3,000
Interest	338	193	531
Other Revenue	798	352	1,150
	<u>57,732</u>	<u>92,511</u>	<u>150,243</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	51,371		51,371
Public Safety	4,881	2,649	7,530
Public Works		66,490	66,490
Health	4,440		4,440
Debt Service:			
Redemption of Principal		12,601	12,601
Interest and Fiscal Charges		8,826	8,826
Capital Outlay	4,977	1,000	5,977
	<u>65,669</u>	<u>91,566</u>	<u>157,235</u>
<b>Total Cash Disbursements</b>			
Total Receipts (Under) Disbursements	(7,937)	945	(6,992)
Fund Cash Balances, January 1	5,570	13,124	18,694
<b>Fund Cash Balances, December 31</b>	<b><u>(\$2,367)</u></b>	<b><u>\$14,069</u></b>	<b><u>\$11,702</u></b>
Reserve for Encumbrances, December 31	<u>\$5,072</u>	<u>\$0</u>	<u>\$5,072</u>

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

**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, 1999**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$16,756	\$17,434	\$34,190
Intergovernmental	32,693	64,206	96,899
Charges for Services		3,000	3,000
Interest	295	192	487
Other Revenue	49	38	87
	<u>49,793</u>	<u>84,870</u>	<u>134,663</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	46,564		46,564
Public Safety	5,451	3,299	8,750
Public Works		100,446	100,446
Health	3,653		3,653
Debt Service:			
Redemption of Principal		7,260	7,260
Interest and Fiscal Charges		8,070	8,070
	<u>55,668</u>	<u>119,075</u>	<u>174,743</u>
<b>Total Cash Disbursements</b>			
	<u>(5,875)</u>	<u>(34,205)</u>	<u>(40,080)</u>
<b>Total Receipts (Under) Disbursements</b>			
		<u>22,192</u>	<u>22,192</u>
<b>Other Financing Receipts:</b>			
Proceeds of Notes		<u>22,192</u>	<u>22,192</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(5,875)	(12,013)	(17,888)
Fund Cash Balances, January 1	11,445	25,137	36,582
	<u>11,445</u>	<u>25,137</u>	<u>36,582</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$5,570</b></u>	<u><b>\$13,124</b></u>	<u><b>\$18,694</b></u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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



**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Rush Township, Tuscarawas County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with Smith Ambulance Service, Inc., to provide ambulance services.

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

**B. Basis of Accounting**

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

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

**C. Cash**

All cash is maintained in a checking account. The Township has no investments.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following fund types:

**1. General Fund**

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

**2. Special Revenue Funds**

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for maintaining and repairing Township roads.

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. 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 also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$11,702	\$18,694

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

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,964	\$57,732	\$1,768
Special Revenue	90,041	92,511	2,470
Total	\$146,005	\$150,243	\$4,238

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$53,662	\$70,741	(\$17,079)
Special Revenue	95,879	91,566	4,313
Total	\$149,541	\$162,307	(\$12,766)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,128	\$49,793	(\$2,335)
Special Revenue	80,870	107,062	26,192
Total	\$132,998	\$156,855	\$23,857

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$63,747	\$55,668	\$8,079
Special Revenue	101,534	119,075	(17,541)
Total	\$165,281	\$174,743	(\$9,462)

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. PROPERTY TAX**

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Notes - Fire Truck	\$107,278	5.70-6.90%
General Obligation Notes - Tractor	5,850	5.35%
General Obligation Notes - Dump Truck	11,679	5.75%
Total	\$124,807	

The general obligation notes were issued to finance the purchase of a new fire truck, new tractor and a new dump truck. The notes will be secured by the trucks and the tractor.

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

Year ending December 31:	General Obligation Notes - Fire Truck	General Obligation Notes - Tractor	General Obligation Notes - Dump Truck
2000	\$15,157	\$2,263	\$3,591
2001	15,134	2,159	3,423
2002	15,113	2,054	3,255
2003	15,093	0	3,088
2004	15,075	0	0
Subsequent	74,998	0	0
Total	\$150,570	\$6,476	\$13,357

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**6. RETIREMENT SYSTEM**

Township employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% in 1999 and 10.84% in 2000 of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Inland Marine

**8. JOINTLY GOVERNED ORGANIZATION**

The Township is associated with the Tuscarawas County Regional Planning Commission as a Jointly Governed Organization. The Commission is a statutorily created political subdivision of the State. The Commission is jointly governed among the Tuscarawas County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the Commission's 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 \$85 in both 2000 and 1999 to the Commission.

**9. NONCOMPLIANCE**

Contrary to the following Ohio Rev. Code Sections:

Ohio Rev. Code Section 5705.41(D), the Township did not properly certify all of their expenditures during the audit.

Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations in several funds during the audit period.

Ohio Rev. Code Section 505.24(C), the Township did not adopt a resolution specifying from what funds the trustees were to be paid.

**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**10. SUBSEQUENT EVENTS**

On April 23, 2001, the Board of Trustees passed a resolution retroactive to January 1, 1999, which allowed 80% of all of the Township Trustees' salaries to be paid from Special Revenue funds and 20% to be paid from the General Fund, based on the estimated level of service provided by the Trustees during the audit period. Based on the resolution, a total of \$7,016 was reclassified as an expenditure in the General Fund, rather than an expenditure from the Special Revenue Fund Type. This caused the \$2,367 negative cash fund balance in the General Fund as of December 31, 2000.

Management has developed a plan to scrutinize the annual budget to monitor expenses from the General Fund on a more regular basis. The Township is also capable of postponing certain expenditures.



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

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

To the Board of Trustees:

We have audited the accompanying financial statements of Rush Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 13, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-41279-001 through 2000-41279-003. We also noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 13, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 13, 2001.

Rush Township  
Tuscarawas County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

March 13, 2001



**RUSH TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-41279-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(D)** states, in part, that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
  
- B. If the amount involved is less than \$1,000, the fiscal officer may authorize payment through a Then and Now Certificate without the affirmation of the Board, if such expenditure is otherwise valid.

Of the expenditures tested, 32% (19 out of 60) were not certified by the Clerk prior to incurring the purchase obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in noncompliance. The Township should inform all employees of the requirements of Ohio Rev. Code Section 5705.41(D). The Township should implement the use of so called Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41. However, such certifications should only be used for recurring and reasonably predictable matters or emergency matters which may arise from time to time.

**FINDING NUMBER 2000-41279-002**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(B)** prohibits the Township from making an expenditure of money unless it has been properly appropriated.

At December 31, 2000, budgetary expenditures exceeded appropriations in the General Fund by \$17,079, which had total appropriations of \$53,662. In addition, at December 31, 1999, budgetary expenditures exceeded appropriations in the Gasoline Tax Fund by \$22,192, in which total Fund Type appropriations were \$101,534. Failure to appropriate all expenditures could result in an over commitment of Township funds. The Clerk should frequently compare actual expenditures to appropriations to avoid potential overspending.

**FINDING NUMBER 2000-41279-003**

**Noncompliance Citation**

**Ohio Rev. Code Section 505.24(C)** states that a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. Such monthly payments shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution.

During 2000 and 1999, Township Trustees' were paid \$1,209 and \$1,174 from the MVL Tax Fund and \$2,419 and \$2,214 from the Gas Tax Fund, Special Revenue Funds, respectively, without a resolution. In addition, none of the Trustee's salaries were paid from the General Fund during 2000 and 1999. On April 23, 2001, the Board of Trustees adopted a resolution, retroactive to January 1, 1999, which requires that an amount not to exceed 80% shall be paid from the Special Revenue Funds and the remaining balance paid from the General Fund. Based on the resolution, a combined total of \$3,628 in 2000 and \$3,388 in 1999 should have been paid from the General Fund. Because of this, a total of \$7,016 was reclassified as an expenditure in the General Fund, rather than as an expenditure from the MVL and Gas Tax, Special Revenue Funds. This caused the \$2,367 negative cash balance in the General Fund as of December 31, 2000.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**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 10, 2001**