

VILLAGE OF WEST RUSHVILLE

FAIRFIELD COUNTY

REGULAR AUDIT

JANUARY 1, 2002 - DECEMBER 31, 2003

FISCAL YEARS AUDITED UNDER GAGAS: 2003 & 2002

BALESTRA, HARR & SCHERER, CPAS, INC.

528 South West Street, P.O. Box 687
Piketon, Ohio 45661

Telephone (740) 289-4131
Fax (740) 289-3639
www.bhscpas.com



**Auditor of State
Betty Montgomery**

Village Council
Village of West Rushville
7610 Main Street
P.O. Box 63083
West Rushville, Ohio 43163

We have reviewed the Independent Auditor's Report of the Village of West Rushville, Fairfield County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2002 through December 31, 2003. 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. The Village of West Rushville is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 15, 2004

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VILLAGE OF WEST RUSHVILLE
FAIRFIELD COUNTY
JANUARY 1, 2002 THROUGH DECEMBER 31, 2003

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Ohio Society of Certified Public Accountants

Independent Auditor's Report

Village Council
Village of West Rushville
Fairfield County
7610 Main Street PO Box 63083
West Rushville, OH 43163

We have audited the accompanying financial statements of the Village of West Rushville, Fairfield County, (the Village) as of and for the years ended December 31, 2003 and December 31, 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of West Rushville, Fairfield County, as of December 31, 2003 and December 31, 2002, and its combined cash receipts and cash 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 a report dated July 29, 2004, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Village of West Rushville
Independent Auditor's Report
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This report is intended solely for the information and use of the Village Council, Mayor, management and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Balestra, Harr & Scherer, CPAs, Inc.

Balestra, Harr & Scherer, CPAs, Inc.

July 29, 2004

VILLAGE OF WEST RUSHVILLE
FAIRFIELD COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	General	Special Revenue	
Revenues:			
Property and Local Taxes	\$2,707	\$0	\$2,707
Intergovernmental	8,986	4,639	13,625
Charges for Services	292	0	292
Miscellaneous	279	21	300
Total Revenues	12,264	4,660	16,924
Disbursements:			
Security of Persons and Property	0	911	911
Community Environment	510	0	510
Basic Utility Services	740	0	740
Transportation	0	2,492	2,492
General Government	7,460	0	7,460
Total Disbursements	8,710	3,403	12,113
Excess of Cash Receipts Over/ (Under) Cash Disbursements	3,554	1,257	4,811
Fund Cash Balances, January 1, 2003	4,520	5,365	9,885
Fund Cash Balances, December 31, 2003	\$8,074	\$6,622	\$14,696

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

VILLAGE OF WEST RUSHVILLE
FAIRFIELD COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	General	Special Revenue	
Revenues:			
Property and Local Taxes	\$2,187	\$0	\$2,187
Intergovernmental	9,399	4,937	14,336
Charges for Services	240	0	240
Interest	0	7	7
Miscellaneous	494	0	494
Total Revenues	12,320	4,944	17,264
Disbursements:			
Security of Persons and Property	0	704	704
Community Environment	500	0	500
Basic Utility Services	443	0	443
Transportation	0	1,879	1,879
General Government	11,312	0	11,312
Total Disbursements	12,255	2,583	14,838
Excess of Cash Receipts Over/ (Under) Cash Disbursements	65	2,361	2,426
Fund Cash Balances, January 1, 2002	4,455	3,004	7,459
Fund Cash Balances, December 31, 2002	\$4,520	\$5,365	\$9,885

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

VILLAGE OF WEST RUSHVILLE
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of West Rushville, Fairfield County, Ohio, (the Village) 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. The Village is directed by a publicly-elected six-member Council. The Village provides general government services. The Village contracts with the Fairfield County Sheriff's department to provide security of persons and property.

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

B. Basis of Accounting

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

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

C. Fund Accounting

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

1. General Fund:

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

2. Special Revenue 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 Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund – This fund receives gasoline taxes and motor vehicle license taxes money to construct, maintain and repair Village streets.

D. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control and appropriations may not exceed estimated resources. The Village Council 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.

VILLAGE OF WEST RUSHVILLE
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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 Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled, and re-appropriated in the subsequent year.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	<u>2003</u>	<u>2002</u>
Demand deposits	\$14,696	\$9,885
Total deposits	<u>\$14,696</u>	<u>\$9,885</u>

Deposits: The Federal Deposit Insurance Corporation insures the Village's deposits.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and December 31, 2002, was as follows:

2003 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$12,017	\$12,264	\$247
Special Revenue	<u>5,800</u>	<u>4,660</u>	<u>(1,140)</u>
Total	<u>\$17,817</u>	<u>\$16,924</u>	<u>(\$893)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$15,835	\$8,710	\$7,125
Special Revenue	<u>11,866</u>	<u>3,403</u>	<u>8,463</u>
Total	<u>\$27,701</u>	<u>\$12,113</u>	<u>\$15,588</u>

VILLAGE OF WEST RUSHVILLE
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$11,493	\$12,320	827
Special Revenue	<u>\$5,800</u>	<u>4,944</u>	<u>(856)</u>
Total	<u>\$17,293</u>	<u>\$17,264</u>	<u>(\$29)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$17,739	\$12,255	5,484
Special Revenue	<u>6,962</u>	<u>2,583</u>	<u>4,379</u>
Total	<u>\$24,701</u>	<u>\$14,838</u>	<u>\$9,863</u>

4. PROPERTY TAX

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

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

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

5. RETIREMENT SYSTEMS

The Village's full-time 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of PERS contributed 8.5% of gross wages. The Village contributed an amount equal to 13.55% of participants' gross wages. The Village has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgements, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

VILLAGE OF WEST RUSHVILLE
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

6. RISK MANAGEMENT (Continued)

Casualty excess-of-loss contracts at December 31, 2002 and 2001 generally protect against individual losses exceeding \$150,000 for policies issued prior to April 1, 2000; \$100,000 for policies issued between April 1, 2000 and March 31, 2002; and \$125,000 for policies issued April 1, 2002 or later.

Property coverage contracts protect against losses, subject to a deductible of \$50,000, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool cedes reinsurance to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer become unable to meet its obligations under the reinsurance agreements.

The Pools financial statements (audited by other auditors) conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and retained deficit at December 31, 2002 and 2001 (the latest information available):

	<u>2002</u>	<u>2001</u>
Assets	\$1,852,060	\$3,354,251
Liabilities	<u>(3,627,321)</u>	<u>(4,851,866)</u>
Retained deficit	<u>(\$1,775,261)</u>	<u>(\$1,497,615)</u>

Settled claims have not exceeded this commercial coverage in any of the three past years. There has been no significant change in coverage from last year.

7. JOINTLY GOVERNED ORGANIZATIONS

Fairfield Regional Planning Commission – The Village appoints a person to represent the Village on the 56 member board of the Fairfield Regional Planning Commission. The Village pays a small membership fee annually. The Fee is based on the per capita of the Village. There is no ongoing financial interest of responsibility by the Village.

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Piketon, Ohio 45661

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Report on Compliance and On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed in Accordance With *Government Auditing Standards*

Village Council
Village of West Rushville
Fairfield County
7610 Main Street PO Box 63083
West Rushville, OH 43163

We have audited the financial statements of the Village of West Rushville, Fairfield County, (the Village) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated July 29, 2004. We conducted our audit in accordance 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.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-01. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 29, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 a material weakness.

Village of West Rushville
Fairfield County
Report on Compliance and On Internal Control Over Financial Reporting Based On An Audit
of Financial Statements Performed in Accordance with *Government Auditing Standards*
Page 2

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

Balestra, Harr & Scherer, CPAs, Inc.

Balestra, Harr & Scherer, CPAs, Inc.

July 29, 2004

VILLAGE OF SOUTH BLOOMFIELD

PICKAWAY COUNTY

SCHEDULE OF FINDINGS

DECEMBER 31, 2003 AND 2002

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

FINDING NUMBER

2003-01

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue.

In 2003, the Village's appropriations exceeded the amended estimate of revenues plus unencumbered fund balances in the Street Construction, Maintenance and Repair Fund by \$701.

In 2002, the Village's appropriations exceeded the amended estimate of revenues plus unencumbered fund balances in the General Fund by \$1,790.

**VILLAGE OF WEST RUSHVILLE
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-30623-001	Ohio Revised Code Section 5705.41(B) – Expenditures Exceeding Appropriations.	Yes	
2001-30623-002	Ohio Revised Code Section 5705.41(D) – Expenditures were made prior to the certification of funds. Then and Now Certificates were not issued for the transactions that were not certified.	Yes	
2001-30623-003	Ohio Revised Code Section 733.28 – Accurately maintaining Village Books.	Yes	



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF WEST RUSHVILLE

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 28, 2004**