



**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004



**Auditor of State
Betty Montgomery**

VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY

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**Auditor of State
Betty Montgomery**

Village of Rushsylvania
Logan County
111 N. Sandusky Street
PO Box 204
Rushsylvania, Ohio 43347

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Betty Montgomery
Auditor of State

October 17, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village of Rushsylvania
Logan County
111 N. Sandusky Street
PO Box 204
Rushsylvania, Ohio 43347

To the Village Council:

We have audited the accompanying financial statements of the Village of Rushsylvania, Logan County, (the "Village"), as of and for the years ended December 31, 2005 and 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2006, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

October 17, 2006

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$41,022	\$14,643	\$55,665
Intergovernmental Receipts	76,573	40,643	117,216
Fines, Licenses, and Permits	2,440		2,440
Earnings on Investments	2,408	342	2,750
Miscellaneous	16,496	231	16,727
	<u>138,939</u>	<u>55,859</u>	<u>194,798</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	10,761		10,761
Leisure Time Activities	40,329		40,329
Community Environment	29		29
Transportation	48,536	24,128	72,664
General Government	94,162	15,033	109,195
	<u>193,817</u>	<u>39,161</u>	<u>232,978</u>
Total Receipts Over/(Under) Disbursements	(54,878)	16,698	(38,180)
Fund Cash Balances, January 1	<u>173,926</u>	<u>66,654</u>	<u>240,580</u>
Fund Cash Balances, December 31	<u><u>\$119,048</u></u>	<u><u>\$83,352</u></u>	<u><u>\$202,400</u></u>

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

VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

Operating Cash Receipts:	
Charges for Service	<u>\$133,119</u>
Operating Cash Disbursements:	
Personal Services	24,669
Employee Fringe Benefits	252
Contractual Services	<u>103,176</u>
Total Operating Cash Disbursements	<u>128,097</u>
Operating Income	<u>5,022</u>
Non-Operating Cash Receipts:	
Earnings on Investment	<u>1,203</u>
Non-Operating Cash Disbursements:	
Debt Service	
Principal	11,612
Interest and Other Fiscal Charges	<u>3,156</u>
Total Non-Operating Cash Disbursements	<u>14,768</u>
Cash Receipts Under Cash Disbursements	(8,543)
Fund Cash Balances, January 1	<u>183,176</u>
Fund Cash Balances, December 31	<u><u>\$174,633</u></u>

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

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$41,600	\$12,776	\$54,376
Intergovernmental Receipts	87,227	23,672	110,899
Fines, Licenses, and Permits	2,330		2,330
Earnings on Investments	2,189	179	2,368
Miscellaneous	6,540	10	6,550
	<u>139,886</u>	<u>36,637</u>	<u>176,523</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	11,002		11,002
Leisure Time Activities	6,873		6,873
Community Environment	98		98
Transportation	38,416	21,735	60,151
General Government	78,664	244	78,908
	<u>135,053</u>	<u>21,979</u>	<u>157,032</u>
Total Cash Disbursements			
Total Receipts Over Disbursements	4,833	14,658	19,491
Fund Cash Balances, January 1	<u>169,093</u>	<u>51,996</u>	<u>221,089</u>
Fund Cash Balances, December 31	<u><u>\$173,926</u></u>	<u><u>\$66,654</u></u>	<u><u>\$240,580</u></u>

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

VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

Operating Cash Receipts:	
Charges for Service	<u>\$132,153</u>
Operating Cash Disbursements:	
Personal Services	25,336
Employee Fringe Benefits	124
Contractual Services	101,724
Capital Outlay	<u>25,500</u>
Total Operating Cash Disbursements	<u>152,684</u>
Operating Loss	<u>(20,531)</u>
Non-Operating Cash Receipts:	
Earnings on Investment	261
Loan Proceeds	<u>25,500</u>
Total Non-Operating Cash Receipts	<u>25,761</u>
Non-Operating Cash Disbursements:	
Debt Service	
Principal	8,596
Interest and Other Fiscal Charges	<u>3,996</u>
Total Non-Operating Cash Disbursements	<u>12,592</u>
Cash Receipts Under Cash Disbursements	(7,362)
Fund Cash Balances, January 1	<u>190,538</u>
Fund Cash Balances, December 31	<u><u>\$183,176</u></u>

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

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Rushsylvania, Logan County, (the "Village"), as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water and sewer utilities, provides a park, maintains and repairs streets, and contracts with the Logan County Sheriff's department to provide security of persons and property.

The Village's management believes these financial statements present all activities for which the Village is financially accountable except debt service funds which are maintained by outside custodians are not included in these financial statements. Assets held by custodians are described in Note 6 to the financial statements.

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

Purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit and United States Treasury Notes are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue 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 tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FEMA Ice Fund – This fund receives Federal grant money to be applied to the expenses incurred for the clean up of brush and debris from the 2005 ice storm.

Storm Sewer – This fund receives tax revenues to maintain storm sewers.

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Operating Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Operating Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Replacement and Improvement – This fund receives charges for services from residents for sewer replacement and improvements.

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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

F. 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2005	2004
Demand deposits	\$313,790	\$357,193
Certificates of deposit	10,000	10,000
Total deposits	323,790	367,193
U.S. Treasury Notes		
Total investments	53,243	56,563
Total deposits and investments	\$377,033	\$423,756

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$130,027	\$138,939	\$8,912
Special Revenue	35,892	55,859	19,967
Enterprise	132,414	134,322	1,908
Total	\$298,333	\$329,120	\$30,787

2005 Budgeted vs. Actual Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$305,200	\$193,817	\$111,383
Special Revenue	101,299	39,161	62,138
Enterprise	315,590	142,865	172,725
Total	\$722,089	\$375,843	\$346,246

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$125,495	\$139,886	\$14,391
Special Revenue	30,253	36,637	6,384
Enterprise	107,958	157,914	49,956
Total	\$263,706	\$334,437	\$70,731

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$292,508	\$135,053	\$157,455
Special Revenue	84,329	21,979	62,350
Enterprise	298,496	165,276	133,220
Total	\$675,333	\$322,308	\$353,025

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 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 Village.

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. DEBT

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #1852	\$ 29,966	7.54%
First Mortgage Sewer Revenue Bonds	\$ 4,000	5.25%
Ohio Water Development Authority Loan #4148	\$ 16,838	0.00%
Bobcat Lease	\$ 14,158	4.40%
Total	\$ 64,962	

The Ohio Water Development Authority (OWDA) #8152 loan was received to pay for waste water treatment plant improvements. Per a Cooperative Agreement dated July 11, 1991, the original loan was for \$47,040 to be repaid over 25 years. This debt is serviced with revenues from the utility.

The First Mortgage Sewer Revenue Bonds (bearer bonds) were issued in the amount of \$70,000 to pay for construction of a sanitary sewerage system. Coupon Bonds were issued in \$1,000 denominations with the first interest payments due January 1, 1967 and principal amounts due in varying increments from July 1, 1970 through July 1, 2006. The debt agreement required the Village to use a paying agent to redeem bonds and coupons. A Bond Account and Sewerage System Revenue Bond Redemption and Surplus Account, to be funded monthly, were required to be established with the paying agent. The Village had to establish a Repair and Improvement Fund and a Reserve Fund on its books. This debt is to be serviced with revenues from the utility.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. DEBT (Continued)

The Ohio Water Development Authority (OWDA) #4148 loan was received to pay for the planning of the wastewater plant improvement project. Per a Cooperative Agreement, the loan amount approved is \$28,875 and is at 0% interest. Beginning October 7, 2004, the Village has drawn \$25,500 with no plans to draw down the remaining \$3,375. The loan is to be repaid over 5 years. This debt is serviced with revenues from the utility.

The Village entered into a lease-purchase arrangement for a Bobcat skid loader beginning May 2004. The obligation is to be paid for over five years from the general, street, state highway, permissive, water and sewer funds. The skid loader is to be used for various purposes in the Village.

Amortization of the above debt, including interest, follows:

<u>Year Ending December 31</u>	<u>Ohio Water Development Authority Loan #1852</u>	<u>Sanitary Sewer System Mortgage Revenue Bonds</u>	<u>Ohio Water Development Authority Loan #4148</u>	<u>Bobcat Lease-Purchase Agreement</u>
2006	\$ 4,235	\$4,210	\$ 5,775	\$ 5,038
2007	4,235		5,775	5,037
2008	4,235		5,288	5,038
2009	4,235			
2010	4,235			
2011-2015	21,174			
2016	4,235			
Total	<u>\$46,584</u>	<u>\$4,210</u>	<u>\$16,838</u>	<u>\$15,113</u>

6. DEBT SERVICE TRUSTEED FUNDS

The First Mortgage Sewer Revenue Bonds trust agreement required the Village to establish a debt service fund to be maintained by a custodial bank. The Village has established this fund. At December 31, 2005, the custodian held \$53,243 in Village assets. The related receipts and disbursements are reflected in the accompanying Enterprise Fund financial statements.

7. RETIREMENT SYSTEM

The Village's employees and officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries.

VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

9 SUBSEQUENT EVENT

During 2006, the Village started discussing a potential waste water treatment project estimated at \$825,000. The Village hopes to help pay for this project with a loan from the Water Pollution Control Loan Fund and possibly the Army Corp of Engineers.



Auditor of State Betty Montgomery

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

Village of Rushsylvania
Logan County
111 N. Sandusky Street
PO Box 204
Rushsylvania, Ohio 43347

To the Village Council:

We have audited the financial statements of the Village of Rushsylvania, Logan County, (the Village), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated October 17, 2006, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated October 17, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the Village's management dated October 17, 2006, we reported other matters related to noncompliance we deemed immaterial.

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Village of Rushsylvania
Logan County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the Village Council and management. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 17, 2006

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Rev. Code Section 5705.10 states, in part, that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. Furthermore, all revenue derived from a source other than general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

During 2004, auto registration fees in the amount of \$1,247 belonging to the Street Fund were recorded in the General Fund. During 2005, real estate taxes in the amount of \$4,870 belonging to the Storm Sewer Fund were recorded in the Permissive Fund; homestead and rollback revenue in the amount of \$705 belonging to the Storm Sewer Fund was recorded in the General Fund; gasoline tax revenue in the amount of \$625, and \$51, belonging to the Street and Highway Funds, respectively, was recorded in the Permissive Fund; and sewer receipts in the amount of \$5,418 belonging to the Sewer Fund were recorded in the Street Fund. In addition, the sewer plant debt payment (\$4,054) was paid from the Water Fund instead of the Sewer Fund.

Ohio Rev. Code Section 5705.10 further states, that "...money that is paid into a fund must be used only for the purposes for which such fund has been established". During 2004, a Sewer Fund debt payment in the amount of \$4,054 was paid from the Water Fund.

The Village has agreed to make the necessary adjustments to increase/decrease fund balances to properly reflect these amounts. The financial statements in this report reflect these adjustments. These adjustments had the following net effect upon the respective fund balances:

<u>Year</u>	<u>General</u>	<u>Street</u>	<u>State Highway</u>	<u>Permissive</u>	<u>Storm Sewer</u>	<u>Water</u>	<u>Sewer</u>
2004	(\$1,247)	\$1,247	\$0	\$0			
2005				(4,870)	\$4,870		
2005	(705)				705		
2005		625	51	(676)			
2005		(5,418)					\$5,418
2005						\$4,054	(4,054)
Aggregate Effect	<u>(\$1,952)</u>	<u>(\$3,546)</u>	<u>\$51</u>	<u>(\$5,546)</u>	<u>\$5,575</u>	<u>\$4,054</u>	<u>\$1,364</u>

The Village's Board should periodically review recorded revenue transactions to help assure they have been recorded in the correct fund.

OFFICIALS' RESPONSE

We did not receive a response from Officials to this finding.

**VILLAGE OF RUSHSYLVANIA
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	ORC Sec. 5705.10 – Revenues were posted to the incorrect funds, requiring audit adjustments.	No	Repeated as finding 2005-001 for revenues and expenditures recorded in the wrong funds.



**Auditor of State
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800-282-0370

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VILLAGE OF RUSHSYLVANIA

LOGAN 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
NOVEMBER 28, 2006**