



Mary Taylor, CPA
Auditor of State

**RUSH TOWNSHIP
TUSCARAWAS COUNTY**

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Mary Taylor, CPA
Auditor of State

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

To the Board of Trustees:

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 an 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 adverse 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.

Mary Taylor

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Auditor of State

October 13, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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, 2008 and 2007. 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 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 Township 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 District 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 audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Township 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of October 13, 2009, 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 Rush Township, Tuscarawas County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township 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 13, 2009, 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 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 13, 2009

**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, 2008**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$33,992	\$31,634		\$65,626
Intergovernmental	33,657	105,526		139,183
Earnings on Investments	48	59		107
Miscellaneous	1,628	45		1,673
Total Cash Receipts	<u>69,325</u>	<u>137,264</u>		<u>206,589</u>
Cash Disbursements:				
Current:				
General Government	74,184			74,184
Public Safety		3,207		3,207
Public Works		100,351		100,351
Health	850			850
Debt Service:				
Redemption of Principal	3,967	26,581		30,548
Interest and Other Fiscal Charges	645	5,435		6,080
Total Cash Disbursements	<u>79,646</u>	<u>135,574</u>		<u>215,220</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(10,321)</u>	<u>1,690</u>		<u>(8,631)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,321)	1,690		(8,631)
Fund Cash Balances, January 1	<u>4,738</u>	<u>37,130</u>	<u>\$59</u>	<u>41,927</u>
Fund Cash Balances, December 31	<u>(\$5,583)</u>	<u>\$38,820</u>	<u>\$59</u>	<u>\$33,296</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, 2007**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$32,254	\$30,691		\$62,945
Intergovernmental	40,019	94,889		134,908
Earnings on Investments	236	354		590
Miscellaneous	1,965	22		1,987
Total Cash Receipts	<u>74,474</u>	<u>125,956</u>		<u>200,430</u>
Cash Disbursements:				
Current:				
General Government	86,187	22		86,209
Public Safety		3,277		3,277
Public Works		122,718		122,718
Health	850			850
Debt Service:				
Redemption of Principal	3,967	21,838		25,805
Interest and Other Fiscal Charges	805	4,927		5,732
Total Cash Disbursements	<u>91,809</u>	<u>152,782</u>		<u>244,591</u>
Total Cash Receipts (Under) Cash Disbursements	<u>(17,335)</u>	<u>(26,826)</u>		<u>(44,161)</u>
Other Financing Receipts:				
Other Debt Proceeds		20,000		20,000
Total Other Financing Receipts	<u>0</u>	<u>20,000</u>		<u>20,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(17,335)	(6,826)		(24,161)
Fund Cash Balances, January 1	<u>22,073</u>	<u>43,956</u>	\$59	<u>66,088</u>
Fund Cash Balances, December 31	<u>\$4,738</u>	<u>\$37,130</u>	<u>\$59</u>	<u>\$41,927</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, 2008 AND 2007**

1. Summary of Significant Accounting Policies

A. Description of the Entity

Rush Township, Tuscarawas County, Ohio, (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, fire protection and cemetery maintenance. The Township contracts with Smith Ambulance for emergency medical services.

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

B. Accounting Basis

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. 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 Auditor of State prescribes or permits.

C. Cash

The Township has no investments.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

**RUSH TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Levy Fund – This fund receives monies from other entities for fire protection and is used to account for ambulance and fire levy receipts used to provide fire, rescue and emergency medical services for Township Residents

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds

Bond Fund – This fund receives road use money from businesses for moving heavy equipment on township roads. This money is then used for road construction.

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. 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

Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**RUSH TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

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

2. Equity in Pooled Cash

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

	2008	2007
Demand deposits	\$33,296	\$41,927

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

3. Budgetary Activity

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$74,176	\$69,325	(\$4,851)
Special Revenue	137,186	137,264	78
Total	\$211,362	\$206,589	(\$4,773)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$81,484	\$79,646	\$1,838
Special Revenue	171,547	135,574	35,973
Capital Projects	59	0	59
Total	\$253,090	\$215,220	\$37,870

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$108,256	\$74,474	(\$33,782)
Special Revenue	121,646	145,956	24,310
Total	\$229,902	\$220,430	(\$9,472)

**RUSH TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity (Continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$118,193	\$91,809	\$26,384
Special Revenue	177,738	152,782	24,956
Capital Projects	59	0	59
Total	\$295,990	\$244,591	\$51,399

Contrary to Ohio Rev. Code Sections 5735.27 and 5705.10, the Township used gasoline excise taxes for the payment of debt for land acquired by the Township.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to 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.

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, 2008 was as follows:

Fire Truck Loan	\$34,069	6.60-6.9%
Land Loan	15,870	4%
Fire Tanker Loan	30,000	4.40%
Dump Truck	20,110	6%
Ash Bin Loan	29,167	4.52-7.92%
Total	\$129,216	

The loans were issued to finance the purchase of a new fire truck, land, fire tanker, dump truck and an ash bin. The loans will be secured by the property financed.

**RUSH TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. Debt (Continued)

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

Year ending December 31:	Fire Truck Loan	Land Loan	Fire Tanker Loan	Dump Truck	Ash Bin Loan
2009	\$14,044	\$4,128	\$5,223	\$4,230	\$6,707
2010	14,853	4,128	5,223	4,230	7,045
2011		4,128	5,223	4,230	7,407
2012			5,223	4,230	7,794
2013			5,223		
Total	<u>\$28,897</u>	<u>\$12,384</u>	<u>\$26,115</u>	<u>\$16,920</u>	<u>\$28,953</u>

6. Retirement System

The Township contributes to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code Prescribes retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

7. Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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. 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 that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

**RUSH TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. Risk Management (Continued)

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$10,692. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

**RUSH TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. Risk Management (Continued)

Based on discussions 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

2006	\$10,711
2007	9,268
2008	9,297

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary 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.

8. Jointly Governed Organizations

The Township is associated with the Tuscarawas County Regional Planning Commission, (the Commission) as a Jointly Governed Organization. The Commission is a statutorily created political subdivision of the State. The commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the operation of 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 \$195 in 2008 to the Regional Planning Commission.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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 Board of Trustees:

We have audited the financial statements of Rush Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated October 13, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township 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 Township 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 Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-001 and 2008-002 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses.

Of the significant deficiencies described above, we believe finding numbers 2008-001 and 2008-002 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated October 13, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the 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, 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 or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2008-001.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated October 13, 2009.

We intend this report solely for the information and use of the management and the Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

October 13, 2009

**RUSH TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Noncompliance/Significant Deficiency/Material Weakness

Ohio Const. Art. XII, Section 5a and Ohio Rev. Code Section 5735.27(A)(5)(d) permits the use of gasoline excise taxes for planning, construction and maintenance of suitable buildings for housing road machinery and equipment. However, pursuant to 1964 Op. Att’y Gen. No. 1499, this authority does not imply the authority to acquire real estate with gasoline excise taxes. Furthermore **Ohio Rev. Code Section 5705.10** requires money paid into a fund to be used only for the purposes for which such fund has been established. During 2008 and 2007, the Township used gasoline excise taxes of \$4,612 and \$4,772, respectively, for the payment of debt for land acquired by the Township.

The debt payments for land made from the Gasoline Tax Fund were adjusted on the financial statements to be reflected in the General Fund. These audit adjustments resulted in a deficit General Fund balance of \$5,583 at December 31, 2008. The Township has agreed to and posted adjustments which are also reflected in the financial statements.

FINDING NUMBER 2008-002

Significant Deficiency/Material Weakness

Classification of Expenditures

The Township improperly recorded expenditures resulting in reclassifications or adjustments at December 31, 2008 and 2007:

- Several debt payments in various funds were originally classified as a current expenditures rather than debt principal and interest payments. The table below documents the original expenditure account charged.

2008	Debt Issue	Expenditure Account Charged	Amount
Gasoline Tax Fund	Dump Truck Debt Payment	Expenditure Line-Other	\$5,282
	Fire Tanker Debt Payment	Expenditure-Other	6,341
	Land Debt Payment	Expenditure-Small Tools and Minor Equipment	4,612
Fire Levy Fund	Ash Bin Debt Payment	Expenditure Line-Machinery and Equipment	6,350
	Fire Truck Debt Payment	Expenditure-Machinery, Equipment and Furniture	13,000
		Expenditure-Other	1,000
General Fund	Ash Bin Debt Payment	Expenditure-Other	42

FINDING NUMBER 2008-002 (Continued)

Significant Deficiency/Material Weakness

<u>2007</u>			
Gasoline Tax Fund	Fire Tanker Debt Payment	Expenditure-Other	6,561
	Land Debt Payment	Expenditure-Other Expenses	4,772
Fire Levy Fund	Ash Bin Debt Payment	Expenditure-Machinery and Equipment	6,204
	Fire Truck Debt Payment	Expenditure-Other	14,000

- Additionally, debt payments were made from improper funds as reflected below.

<u>2008 Debt Issue</u>	<u>Fund Paid From</u>	<u>Proper Fund</u>	<u>Amount</u>
Land Debt Payment	Gasoline Tax Fund	General Fund	\$4,612
Fire Tanker Debt Payment	Gasoline Tax Fund	Fire Levy Fund	4,612
Ash Bin Debt Payment	Fire Levy Fund	Gasoline Tax Fund	6,350
 <u>2007 Debt Issue</u>			
Land Debt Payment	Gasoline Tax Fund	General Fund	4,772
Fire Tanker Debt Payment	Gasoline Tax Fund	Fire Levy Fund	6,561
Ash Bin Debt Payment	Fire Levy Fund	Gasoline Tax Fund	6,204

As a result, the above expenditure lines and fund balances were initially over/under stated by these amounts. The Township has agreed to and posted these adjustments which are also reflected in the financial statements.

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Township Fiscal Officer and the Board of Trustees should periodically monitor the classification and posting of all receipts and expenditures to help ensure Township receipts and expenditures are accurately recorded in accordance with the Ohio Township Handbook.

Officials' Response: The Officials' elected not to respond to the findings.

**RUSH TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	ORC 5705.41(D), failure to certify funds.	Yes	Finding No Longer Valid has been corrected.
2006-002	ORC 5705.41(B), expenditures exceed appropriations.	No	Partially Corrected. Citation in management letter.
2006-003	17 Revenue/expenditure misclassifications.	No	Not Corrected.



Mary Taylor, CPA
Auditor of State

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
DECEMBER 15, 2009**