

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021-2020

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Village Council
Village of Rushville
P.O. Box 9
Rushville, Ohio 43150

We have reviewed the *Independent Auditors' Report* of the Village of Rushville, Fairfield County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2020 through December 31, 2021. 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 Rushville is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

July 13, 2022

This page intentionally left blank.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2021-2020**

TABLE OF CONTENTS

Table of Contents	(i)
2021 Independent Auditors' Report	1-3
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2021	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type - For the Year Ended December 31, 2021	5
2021 Notes to the Financial Statements	6
2020 Independent Auditors' Report	14-15
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2020	16
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type - For the Year Ended December 31, 2020	17
2020 Notes to the Financial Statements	18
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	26
Schedule of Audit Findings	28
Schedule of Prior Audit Findings	31

This page intentionally left blank.

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

INDEPENDENT AUDITORS' REPORT

Village of Rushville
Fairfield County
P.O. Box 9
Rushville, Ohio 43150

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Village of Rushville, Fairfield County, Ohio (the Village) which comprises the cash balances, receipts and disbursements for each governmental fund type and proprietary fund type combined total as of and for the year ended December 31, 2021 and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and proprietary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Village of Rushville, Fairfield County as of December 31, 2021, or changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards general accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor Responsibilities for the Audit of Financial Statements* section of our report. We are required to be independent of Village of Rushville, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village of Rushville on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles general accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As described in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Village of Rushville's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2022, on our consideration of Village of Rushville'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. The purpose of that report is solely to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 7, 2022

**VILLAGE OF 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, 2021**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 8,862	\$ 708	\$ 9,570
Intergovernmental	11,438	16,204	27,642
Special Assessments	-	16,182	16,182
Fines, Licenses and Permits	1,209	-	1,209
Earnings on Investments	747	-	747
Miscellaneous	12,534	-	12,534
Total Cash Receipts	34,790	33,094	67,884
Cash Disbursements:			
Current:			
Security of Persons and Property	2,402	-	2,402
Public Health Services	17	-	17
Community Environment	1,899	-	1,899
Transportation	-	6,793	6,793
General Government	35,776	-	35,776
Debt Service:			
Principal Retirement	-	988	988
Total Cash Disbursements	40,094	7,781	47,875
Total Cash Receipts Over/(Under) Cash Disbursements	(5,304)	25,313	20,009
Other Financing Receipts (Disbursements)			
Transfer Out	(318)	-	(318)
Total Other Financing Receipts	(318)	-	(318)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(5,622)	25,313	19,691
Fund Cash Balance, January 1, restated	44,340	38,299	82,639
Fund Cash Balance, December 31	\$ 38,718	\$ 63,612	\$ 102,330

See notes to financial statements.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - ALL PROPRIETARY AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Proprietary
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 238,311
Total Operating Cash Receipts	238,311
Operating Cash Disbursements:	
Personal Services	63,119
Fringe Benefits	10,546
Contractual Service	102,391
Supplies and Materials	16,253
Total Operating Cash Disbursements	192,309
Operating Income	46,002
Non-Operating Cash Disbursements:	
Principal Retirement	60,460
Interest and Other Fiscal Charges	13,109
Total Non-Operating Cash Disbursements	73,569
Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances	(27,567)
Other Financing Receipts (Disbursements)	
Transfer In	318
Total Other Financing Receipts	318
Net Change in Fund Cash Balance	(27,249)
Fund Cash Balances, January 1, restated	259,808
Fund Cash Balances, December 31	\$ 232,559

See notes to financial statements.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Rushville, Fairfield County, (the Village) as a body corporate and politic. A publicly-elected seven-member Council directs the Village. The Village provides general government, water and sewer utilities and road maintenance.

The Village participates in public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

Governmental Funds

General Fund

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

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. 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 RUSHVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

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 Village 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.

Estimated Resources

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

Encumbrances

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

A summary of 2021 budgetary activity appears in Note 3.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments

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

Property, Plant, and Equipment

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

Accumulated Leave

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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

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

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned*

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

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2021 is as follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 35,674	\$ 34,790	\$ (884)
Special Revenue	28,184	33,094	4,910
Enterprise	231,935	238,629	6,694
Total	\$ 295,793	\$ 306,513	\$ 10,720

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 43,405	\$ 40,489	\$ 2,916
Special Revenue	31,479	22,981	8,498
Enterprise	316,327	266,777	49,550
Total	\$ 391,211	\$ 330,247	\$ 60,964

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

4. DEPOSITS AND INVESTMENTS

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposits and investment accounts are as follows:

	2021
Cash Management Pool:	
Demand Deposits	\$ 259,389
Certificates of Deposit	75,500
Total Carrying Amounts of Deposits and Investments held in Pool	\$ 334,889

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 make semiannual payment, the first half is due by December 31. The second half payment is due the following June 20.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

5. PROPERTY TAX (Continued)

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

6. RISK MANAGEMENT

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (latest information available):

	<u>2020</u>
Cash and investments	\$40,318,971
Actuarial liabilities	14,111,510

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2021, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2021.

Social Security

Several Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

8. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

9. DEBT

Debt outstanding at December 31, 2021 was as follows:

	2021 Principal	%
Ohio Water Development Authority Loan #3670	\$ 589,155	1.50
Ohio Water Development Authority Loan #4933	199,796	1.50
Ohio Public Works Commission Loan CQ33H	2,174	0.00
Ohio Public Works Commission Loan CT45J	5,601	0.00
Vinton County National Bank	12,585	4.10
Total	\$ 809,311	

The Ohio Public Works Commission (OPWC) loan CQ33H relates to the Main Street resurfacing project. The loan will be repaid in semiannual installments of \$311, over 20 years. The loan is collateralized by permissive motor vehicle receipts. This will be paid through the Permissive Motor Vehicle Fund.

The Ohio Public Works Commission (OPWC) loan CT45J relates to the wastewater treatment plant improvements. The loan will be repaid in semiannual installments of \$267 over 20 years. The loan is collateralized by water/sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. This will be paid through the Other Enterprise Service Fund.

The Ohio Water Development Authority (OWDA) loan 3670 relates to water distribution system. The loan will be repaid in semiannual installments of \$26,915 over 30 years. The loan is collateralized by water/sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This will be paid through the Enterprise Debt Service Reserve Fund.

The Ohio Water Development Authority (OWDA) loan 4933 relates to the sewer extension project. The loan will be repaid in semiannual installments of \$6,204 over 30 years. The loan is collateralized by water/sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This will be paid through the Other Enterprise Service Fund.

The Vinton National Bank loan relates to the purchase of a tractor and implements for installation, repairs, and maintenance of the water and sewer systems. The loan will be repaid in quarterly installments of \$1,647 over five years. The loan is collateralized by water/sewer receipts. The Village has agreed to set utility rates sufficient to cover Vinton National Bank debt service requirements. This will be paid through by the Water and Sewer Funds.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

9. DEBT (Continued)

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

Year Ending December 31	OPWC CQ33H	OPWC CT45J	OWDA 3670	OWDA 4933	VCN Bank
2022	\$ 621	\$ 533	\$ 53,831	\$ 12,408	\$ 6,587
2023	621	533	53,831	12,408	6,587
2024	621	533	53,831	12,408	-
2025	311	533	53,831	12,408	-
2026	-	533	53,831	12,408	-
2027-2031	-	2,667	269,155	62,040	-
2032-2036	-	269	107,662	62,040	-
2037-2041	-	-	-	43,422	-
	<u>\$ 2,174</u>	<u>\$ 5,601</u>	<u>\$ 645,972</u>	<u>\$ 229,542</u>	<u>\$ 13,174</u>

11. FUND BALANCES

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the expendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balances of those amounts were as follows:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Corpus	\$ -	\$ -	\$ -
Outstanding Encum.	77	15,200	15,277
Total	<u>\$ 77</u>	<u>\$ 15,200</u>	<u>\$ 15,277</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

12. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the Village did receive COVID-19 funding. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

The Village received \$16,182 in 2021 from the American Rescue Plan.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

13. RESTATEMENT OF FUND BALANCE

Fund balance in the General Fund and Enterprise Funds has been restated for the year beginning January 1, 2021 for voided checks being added back:

	General Fund	Enterprise Funds
Fund Balance at December 31, 2020	\$ 43,775	\$ 259,779
Adjustments	565	29
Fund Balance at January 1, 2021	<u>\$ 44,340</u>	<u>\$ 259,808</u>

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

INDEPENDENT AUDITORS' REPORT

Village of Rushville
Fairfield County
P.O. Box 9
Rushville, Ohio 43150

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020 and related notes of Village of Rushville, Fairfield County, Ohio.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Village of Rushville, Fairfield County as of December 31, 2020 and the respective changes in financial position or cash flows thereof for the year ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020 and related notes of Village of Rushville, Fairfield County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the 2020 financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 7, 2022, on our consideration of Village of Rushville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 7, 2022

**VILLAGE OF 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, 2020**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 10,114	\$ 644	\$ 10,758
Intergovernmental	10,580	18,343	28,923
Fines, Licenses and Permits	1,285	-	1,285
Earnings on Investments	942	-	942
Miscellaneous	14,493	-	14,493
Total Cash Receipts	37,414	18,987	56,401
Cash Disbursements:			
Current:			
Security of Persons and Property	1,999	743	2,742
Public Health Services	890	-	890
Leisure Time Activities	233	-	233
Community Environment	4,184	-	4,184
Transportation	-	9,084	9,084
General Government	30,446	-	30,446
Capital Outlay	-	849	849
Debt Service:			
Principal Retirement	-	311	311
Total Cash Disbursements	37,752	10,987	48,739
Total Cash Receipts Over/(Under) Cash Disbursements	(338)	8,000	7,662
Other Financing Receipts (Disbursements)			
Transfer Out	(366)	-	(366)
Total Other Financing Receipts	(366)	-	(366)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(704)	8,000	7,296
Fund Cash Balance, January 1	44,459	30,299	74,758
Fund Cash Balance, December 31	\$ 43,755	\$ 38,299	\$ 82,054

See notes to financial statements.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - ALL PROPRIETARY AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 218,246
Total Operating Cash Receipts	218,246
Operating Cash Disbursements:	
Personal Services	62,738
Fringe Benefits	9,224
Contractual Service	121,243
Supplies and Materials	16,380
Other	373
Total Operating Cash Disbursements	209,958
Operating Income	8,288
Non-Operating Cash Disbursements:	
Principal Retirement	58,948
Interest and Other Fiscal Charges	14,143
Total Non-Operating Cash Disbursements	73,091
Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances	(64,803)
Other Financing Receipts (Disbursements)	
Transfer In	177,965
Transfer Out	(177,599)
Total Other Financing Receipts	366
Net Change in Fund Cash Balance	(64,437)
Fund Cash Balances, January 1	324,216
Fund Cash Balances, December 31	\$ 259,779

See notes to financial statements.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Rushville, Fairfield County, (the Village) as a body corporate and politic. A publicly-elected seven-member Council directs the Village. The Village provides general government, water and sewer utilities and road maintenance.

The Village participates in public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

Governmental Funds

General Fund

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

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. 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 RUSHVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

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 Village 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.

Estimated Resources

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

Encumbrances

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

A summary of 2020 budgetary activity appears in Note 4.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments

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

Property, Plant, and Equipment

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

Accumulated Leave

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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

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

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned*

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

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. COMPLIANCE

Contrary to ORC 5705.39, the Sewer Fund had appropriations exceeding estimated resources by \$25,298.

4. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2020 is as follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 34,374	\$ 37,414	\$ 3,040
Special Revenue	12,001	18,987	6,986
Enterprise	356,886	396,211	39,325
Total	\$ 403,261	\$ 452,612	\$ 49,351

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 46,175	\$ 38,851	\$ 7,324
Special Revenue	16,904	11,135	5,769
Enterprise	645,662	462,660	183,002
Total	\$ 708,741	\$ 512,646	\$ 196,095

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

5. DEPOSITS AND INVESTMENTS

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposits and investment accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand Deposits	\$ 266,333
Certificates of Deposit	75,500
Total Carrying Amounts of Deposits and Investments held in Pool	\$ 341,833

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

6. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 make semiannual payment, the first half is due by December 31. The second half payment is due the following June 20.

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

7. RISK MANAGEMENT

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. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2019, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained surplus at March 31, 2019 (latest information available).

	<u>2019</u>
Assets	\$ 1,582,183
Liabilities	<u>(1,087,219)</u>
Accumulated Surplus	<u>\$ 494,964</u>

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2020.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

8. DEFINED BENEFIT PENSION PLAN (Continued)

Social Security

Several Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

9. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

10. DEBT

Debt outstanding at December 31, 2020 was as follows:

	2020 Principal	%
Ohio Water Development Authority Loan #3670	\$ 633,647	1.50
Ohio Water Development Authority Loan #4933	209,102	1.50
Ohio Public Works Commission Loan CQ33H	3,105	0.00
Ohio Public Works Commission Loan CT45J	6,401	0.00
Vinton County National Bank	18,503	4.10
Total	\$ 870,758	

The Ohio Public Works Commission (OPWC) loan CQ33H relates to the Main Street resurfacing project. The loan will be repaid in semiannual installments of \$311, over 20 years. The loan is collateralized by permissive motor vehicle receipts. This will be paid through the Permissive Motor Vehicle Fund.

The Ohio Public Works Commission (OPWC) loan CT45J relates to the wastewater treatment plant improvements. The loan will be repaid in semiannual installments of \$267 over 20 years. The loan is collateralized by water/sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. This will be paid through the Other Enterprise Service Fund.

The Ohio Water Development Authority (OWDA) loan 3670 relates to water distribution system. The loan will be repaid in semiannual installments of \$26,915 over 30 years. The loan is collateralized by water/sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This will be paid through the Enterprise Debt Service Reserve Fund.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

10. DEBT (Continued)

The Ohio Water Development Authority (OWDA) loan 4933 relates to the sewer extension project. The loan will be repaid in semiannual installments of \$6,204 over 30 years. The loan is collateralized by water/sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This will be paid through the Other Enterprise Service Fund.

The Vinton National Bank loan relates to the purchase of a tractor and implements for installation, repairs, and maintenance of the water and sewer systems. The loan will be repaid in quarterly installments of \$1,647 over five years. The loan is collateralized by water/sewer receipts. The Village has agreed to set utility rates sufficient to cover Vinton National Bank debt service requirements. This will be paid through by the Water and Sewer Funds.

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

Year Ending December 31	OPWC CQ33H	OPWC CT45J	OWDA 3670	OWDA 4933	VCN Bank
2021	\$ 621	\$ 533	\$ 53,831	\$ 12,408	\$ 6,587
2022	621	533	53,831	12,408	6,587
2023	621	533	53,831	12,408	6,587
2024	621	533	53,831	12,408	-
2025	621	533	53,831	12,408	-
2026-2030	-	2,667	269,155	62,040	-
2031-2035	-	1,069	161,493	62,040	-
2036-2040	-	-	-	55,830	-
	<u>\$ 3,105</u>	<u>\$ 6,401</u>	<u>\$ 699,803</u>	<u>\$ 241,950</u>	<u>\$ 19,761</u>

11. FUND BALANCES

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the expendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balances of those amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ -	\$ -
Outstanding Encum.	733	148	-	881
Total	<u>\$ 733</u>	<u>\$ 148</u>	<u>\$ -</u>	<u>\$ 881</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

12. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

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

Village of Rushville
Fairfield County
P.O. Box 9
Rushville, Ohio 43150

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of the Village of Rushville, Fairfield County (the Village) and have issued our report thereon dated June 7, 2022, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Rushville's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2021-001 and 2021-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Rushville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2021-002.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 7, 2022

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-001

Material Weakness – Financial Reporting

All local offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

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

The Village did not properly post and classify all receipts and expenditures. Errors were made in recording various transactions. Amounts were not always posted to the correct fund and/or line item. The following adjustments and reclassifications were made.

Adjustments:

- An adjustment was made in 2021 in the amount of \$5,107 to increase the Street Fund balance and decrease the State Highway Fund balance for incorrect posting of gas tax monies.
- An adjustment was made in 2021, in the amount of \$13,384 to increase the Water Fund balance and decrease the Sewer Fund balance for incorrect posting of utility monies.

Reclassifications:

- In 2021, a reclassification from Interest and Fiscal Charges to Principal Retirement in the amount of \$738 for the Enterprise Debt Service Fund to show debt payments properly.
- In 2020, a reclassification from Interest and Fiscal Charges to Principal Retirement in the amount of \$239 for the Enterprise Debt Service Fund to show debt payments properly.
- In 2020, a reclassification from Transportation to Capital Outlay in the amount of \$849 in the Street fund for equipment purchased.

The adjustments and reclassifications with which the Village Official's agree are reflected in the accompanying financial statements and posted to the accounting records.

We recommend the Village utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions.

Client Response: We received no response from the client.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-002

Noncompliance – Certification of Funds

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

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D) (1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- If the fiscal officer can certify that both at the time that the contract or order was made (“then”) and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare “blanket” certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called “super blanket” certificate may be outstanding at a particular time for any line item appropriation.

The Village did not certify the availability of funds prior to the purchase commitment for 49% of expenditures tested. For these item the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: We received no response from the client.

VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-003

Material Weakness – Posting of Budget

The Village should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and appropriations.

In 2019 and 2018, the Fiscal Officer did not accurately post budgeted receipts and any amendments made to them. Variances existed between the certificate of estimated resources and the amount posted to the accounting system.

<u>Fund</u>	<u>Amount Per Last Amended Certificate</u>	<u>Amount Posted To Accounting System</u>	<u>Variance</u>
Water (2020)	\$ 143,364	\$ 175,649	\$ (32,285)
Sewer (2020)	134,200	160,510	(26,310)

Because the information entered into the accounting system was inaccurate, Village management was unable to effectively monitor budgetary activity throughout the year. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present budgeted receipts as certified by the County Budget Commission.

We recommend the Fiscal Officer record only estimated receipts from the Certificate of Estimated Resources and any amendments to the accounting system.

Client Response: We received no response from the client.

**VILLAGE OF RUSHVILLE
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2019-001	Material Weakness Financial Reporting	No	Not Corrected; Reported as Finding 2021-001
2019-002	Noncompliance ORC 5705.41(D) expenditures not properly certified	No	Not Corrected; Reported as Finding 2021-002
2019-003	Material Weakness Budgetary Postings	No	Not Corrected; Reported as Finding 2021-003

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF RUSHVILLE

FAIRFIELD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/26/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov