



Dave Yost • Auditor of State

**RUMLEY TOWNSHIP
HARRISON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2013	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2012	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings	17

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Rumley Township
Harrison County
44225 Rumley Road East
Jewett, Ohio 43986

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Rumley Township, Harrison County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012.

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 § 117.38 and Ohio Administrative Code § 117-2-03(D) 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 Township'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 Township'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 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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 the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Rumley Township, Harrison County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permit, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, a certain Township cemetery bequest fund was improperly classified as a Permanent Fund rather than as a Private Purpose Trust Fund. The fund balance at January 1, 2012 has been restated accordingly.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2014, 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. 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 Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

November 14, 2014

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$16,098	\$62,632	\$78,730
Licenses, Permits and Fees		5,600	5,600
Intergovernmental	13,441	114,760	128,201
Special Assessments		1,474	1,474
Earnings on Investments	16	2	18
Miscellaneous	51,094	44,593	95,687
<i>Total Cash Receipts</i>	<u>80,649</u>	<u>229,061</u>	<u>309,710</u>
Cash Disbursements			
Current:			
General Government	32,895	843	33,738
Public Safety		43,743	43,743
Public Works		121,208	121,208
Health		28,201	28,201
Capital Outlay		5,294	5,294
Debt Service:			
Principal Retirement		5,018	5,018
Interest and Fiscal Charges		702	702
<i>Total Cash Disbursements</i>	<u>32,895</u>	<u>205,009</u>	<u>237,904</u>
<i>Excess of Receipts Over Disbursements</i>	<u>47,754</u>	<u>24,052</u>	<u>71,806</u>
<i>Net Change in Fund Cash Balances</i>	47,754	24,052	71,806
<i>Fund Cash Balances, January 1</i>	<u>23,843</u>	<u>67,193</u>	<u>91,036</u>
Fund Cash Balances, December 31			
Restricted for:			
Cemetery		58,698	58,698
Fire Operations		76	76
Road and Bridge Maintenance and Improvement		26,700	26,700
Street Lights		5,771	5,771
Assigned	12,817		12,817
Unassigned	58,780		58,780
<i>Fund Cash Balances, December 31</i>	<u><u>\$71,597</u></u>	<u><u>\$91,245</u></u>	<u><u>\$162,842</u></u>

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

RUMLEY TOWNSHIP
HARRISON COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013

	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	\$190
<i>Total Operating Cash Receipts</i>	<u>190</u>
Operating Cash Disbursements	
Purchased Services	25
<i>Total Operating Cash Disbursements</i>	<u>25</u>
<i>Operating Income</i>	<u>165</u>
<i>Net Change in Fund Cash Balances</i>	165
<i>Fund Cash Balances, January 1</i>	<u>90,692</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$90,857</u></u>

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

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$14,612	\$56,382	\$70,994
Licenses, Permits and Fees		8,750	8,750
Intergovernmental	14,037	104,504	118,541
Special Assessments		1,369	1,369
Earnings on Investments	72	6	78
Miscellaneous	438	22,200	22,638
<i>Total Cash Receipts</i>	<u>29,159</u>	<u>193,211</u>	<u>222,370</u>
Cash Disbursements			
Current:			
General Government	31,972	410	32,382
Public Safety		40,233	40,233
Public Works		109,165	109,165
Health		23,123	23,123
Capital Outlay		1,197	1,197
Debt Service:			
Principal Retirement		4,600	4,600
Interest and Fiscal Charges		956	956
<i>Total Cash Disbursements</i>	<u>31,972</u>	<u>179,684</u>	<u>211,656</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,813)</u>	<u>13,527</u>	<u>10,714</u>
<i>Net Change in Fund Cash Balances</i>	(2,813)	13,527	10,714
<i>Fund Cash Balances, January 1 (Restated, See Note 2)</i>	<u>26,656</u>	<u>53,666</u>	<u>80,322</u>
Fund Cash Balances, December 31			
Restricted for:			
Cemetery		28,890	28,890
Road and Bridge Maintenance and Improvement		32,011	32,011
Street Lights		6,292	6,292
Assigned	17,900		17,900
Unassigned (Deficit)	5,943		5,943
<i>Fund Cash Balances, December 31</i>	<u>\$23,843</u>	<u>\$67,193</u>	<u>\$91,036</u>

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

RUMLEY TOWNSHIP
HARRISON COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2012

	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	\$299
Miscellaneous	5
<i>Total Operating Cash Receipts</i>	<u>304</u>
Operating Cash Disbursements	
Purchased Services	17
<i>Total Operating Cash Disbursements</i>	<u>17</u>
<i>Operating Income</i>	<u>287</u>
Non-Operating Receipts	
Other Financing Sources	41
<i>Total Non-Operating Receipts</i>	<u>41</u>
<i>Net Change in Fund Cash Balances</i>	328
<i>Fund Cash Balances, January 1 (Restated, See Note 2)</i>	<u>90,364</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$90,692</u></u>

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

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Rumley Township, Harrison County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government, road and bridge maintenance, and cemetery maintenance. The Township contracts with the Jewett Volunteer fire Department, Inc. to provide fire protection services.

The Township participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Ohio Township Association Risk Management Authority (OTARMA):

OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

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. Deposits

All deposits are maintained in a checking account, savings account, and certificates of deposit.

The Township values certificates of deposit at cost.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Special Fire Levy Fund - This fund receives property tax money on behalf of the Jewett Volunteer Fire Department.

3. Fiduciary Funds

Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust funds are for the benefit of certain family plots within the Township's cemeteries.

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. 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 approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2013 and 2012 budgetary activity appears in Note 4.

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

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

1. 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.

2. 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 the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

3. Unassigned

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

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and 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 classifications could be used.

G. 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.

H. Accumulated Leave

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

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. Restatement of Fund Balance

The Township has two cemetery bequest trusts that benefit certain family plots within the Township's cemeteries. This revenue and related disbursements should be reported within a Private Purpose Trust Fund. However, one of the cemetery bequest trust fund's activity was previously reported in a Permanent Fund. The beginning balances of the Permanent Fund and Private Purpose Trust Fund were restated at January 1, 2012 as shown below:

	Permanent Fund's Balance	Private Purpose Funds' Balance
January 1, 2012 fund balances as reported:	\$8,360	\$82,004
Adjustment: proper classification	(8,360)	8,360
Restated January 1, 2012 fund balance	\$0	\$90,364

3. Equity in Pooled Deposits

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

	2013	2012
Demand deposits	\$164,212	\$92,428
Certificates of deposit	88,926	88,739
Other time deposits (savings and NOW accounts)	561	561
Total deposits	\$253,699	\$181,728

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

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$75,650	\$80,649	\$4,999
Special Revenue	229,706	229,061	(645)
Private Purpose Trust	800	190	(610)
Total	\$306,156	\$309,900	\$3,744

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$93,550	\$32,895	\$60,655
Special Revenue	279,045	205,009	74,036
Private Purpose Trust	50,000	25	49,975
Total	\$422,595	\$237,929	\$184,666

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Budgetary Activity (Continued)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,160	\$29,159	\$999
Special Revenue	196,017	193,211	(2,806)
Private Purpose Trust		345	345
Total	\$224,177	\$222,715	(\$1,462)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$44,000	\$31,972	\$12,028
Special Revenue	220,676	179,684	40,992
Private Purpose Trust	50,000	17	49,983
Total	\$314,676	\$211,673	\$103,003

5. 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.

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

6. Debt

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$ 12,597	4.65%

A general obligation note was issued to purchase a John Deere 6100D Tractor for the Township. The note was issued on April 3, 2009 for \$34,048 payable in 12 monthly payments of \$477 for 7 years.

The note is collateralized by the tractor and by the taxing authority of the Township.

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. Debt (Continued)

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

Year ending December 31:	General Obligation Tractor Note
2014	\$5,721
2015	5,721
2016	1,907
Total	<u>\$13,349</u>

7. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

8. 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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

8. Risk Management (Continued)

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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

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.

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2012</u>
\$3,846	\$3,851

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

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Dave Yost • Auditor of State

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

Rumley Township
Harrison County
44225 Rumley Road East
Jewett, Ohio 43986

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Rumley Township, Harrison County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permit. In addition, the Township's Special Revenue and Private Purpose Trust Fund cash fund balances at January 1, 2012 were restated to properly classify a cemetery bequest fund as a Private Purpose Trust Fund.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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. We consider Finding 2013-001 described in the accompanying Schedule of Findings to be a material weakness.

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, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2013-002.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

November 14, 2014

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

Finding Number 2013-001

Material Weakness - Financial Reporting

As a result of audit procedures performed, errors were noted in the Township's financial statements for 2013 and 2012 that required audit reclassifications, as follows:

- Intergovernmental revenue was improperly classified as Property Tax revenue in the General Fund and Special Revenue Funds in the amounts of \$3,123 and \$11,480, respectively, in 2013 and amounts of \$3,027 and \$11,105, respectively, in 2012;
- The Fiscal Officer improperly classified the General Fund balance as Unassigned instead of Assigned in 2013 and 2012. General Fund assigned balances can be the result of having outstanding encumbrances at year end or the portion of the General Fund ending balance that is used to provide for subsequent year appropriations not covered by subsequent year estimated revenue on the first Certificate of Estimate Resources. Subsequent year appropriations exceeded subsequent year estimated revenue by \$12,817 and \$17,900 for 2014 and 2013, respectively. As a result, the ending General Fund assigned fund balances should have been reported as \$12,817 and \$17,900 for 2013 and 2012, respectively; and
- The Fiscal Officer improperly classified one of the cemetery bequest funds as a Permanent Fund rather than as a Private Purpose Trust Fund. The January 1, 2012 Private Purpose Trust fund balance was \$8,360. Additionally, the cemetery bequest fund activity in 2012 included \$20 in interest revenue and \$5 in other revenue.
- During 2013 and 2012, the Fiscal Officer improperly charged \$797 and \$581, respectively, in expenses to a Private Purpose Trust Fund that does not correspond to the purposes of the trust. As a result, fund balance increased in the Private Purpose Trust Fund and decreased in the Cemetery Fund.

Sound financial reporting is the responsibility of the Township and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Board of Trustees should adopt policies and procedures, including a final review of the financial statement and notes by the Fiscal Officer and Board of Trustees, to help identify and correct errors and omissions. The Fiscal Officer should also refer to the UAN Accounting Training manual for additional guidance in recording receipts and expenditures in the UAN System.

The Township's financial statements were adjusted accordingly.

Official's Response: The client has elected not to respond.

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

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

Finding Number 2013-002

Noncompliance

Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. § 133.22 allows a subdivision to issue anticipatory securities; § 133.10 allows anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision; § 133.15 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct; and § 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

The Board of Trustees and Fiscal Officer signed a bank loan with Citizens Savings Bank for a 2009 tractor loan totaling \$34,048. This debt was a bank loan between a banking institution and the Township, and as such, the note was not within the provisions set forth in Ohio Rev. Code Chapter 133.

The Ohio Revised Code contains various methods of incurring debt for Townships. Installment loans with banking institutions are not legal methods of debt for Townships. The Board of Trustees should consult with the Township's legal counsel prior to the Township incurring future debt.

Official's Response: The client has elected not to respond.



Dave Yost • Auditor of State

RUMLEY TOWNSHIP

HARRISON 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 2, 2014**