



Dave Yost • Auditor of State

**RUTLAND TOWNSHIP
MEIGS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Rutland Township
Meigs County
P.O. Box 203
Rutland, Ohio 45775

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Rutland Township, Meigs 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 Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 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 Rutland Township, Meigs 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 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

June 18, 2014

**RUTLAND TOWNSHIP
MEIGS 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	\$ 12,762	\$ 116,388	\$ 129,150
Intergovernmental	440,079	161,418	601,497
Earnings on Investments	240	201	441
Miscellaneous	372	4,598	4,970
<i>Total Cash Receipts</i>	<u>453,453</u>	<u>282,605</u>	<u>736,058</u>
Cash Disbursements			
Current:			
General Government	67,243	17,848	85,091
Public Safety		36,858	36,858
Public Works		172,180	172,180
Health		33,197	33,197
Capital Outlay		480	480
<i>Total Cash Disbursements</i>	<u>67,243</u>	<u>260,563</u>	<u>327,806</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>386,210</u>	<u>22,042</u>	<u>408,252</u>
Other Financing Receipts (Disbursements)			
Transfers In		250,000	250,000
Transfers Out	(250,000)		(250,000)
Other Financing Sources	815	11,883	12,698
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(249,185)</u>	<u>261,883</u>	<u>12,698</u>
<i>Net Change in Fund Cash Balances</i>	137,025	283,925	420,950
<i>Fund Cash Balances, January 1</i>	<u>(15,763)</u>	<u>79,656</u>	<u>63,893</u>
Fund Cash Balances, December 31			
Restricted		363,581	363,581
Unassigned (Deficit)	121,262		121,262
<i>Fund Cash Balances, December 31</i>	<u>\$ 121,262</u>	<u>\$ 363,581</u>	<u>\$ 484,843</u>

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

**RUTLAND TOWNSHIP
MEIGS 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	\$ 11,010	\$ 120,781	\$ 131,791
Intergovernmental	38,230	131,151	169,381
Earnings on Investments	17	1,542	1,559
Miscellaneous	162	2,219	2,381
<i>Total Cash Receipts</i>	<u>49,419</u>	<u>255,693</u>	<u>305,112</u>
Cash Disbursements			
Current:			
General Government	64,119	19,010	83,129
Public Safety		38,961	38,961
Public Works		160,934	160,934
Health		23,497	23,497
Debt Service:			
Principal Retirement		350	350
Interest and Fiscal Charges		24	24
<i>Total Cash Disbursements</i>	<u>64,119</u>	<u>242,776</u>	<u>306,895</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(14,700)</u>	<u>12,917</u>	<u>(1,783)</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources		737	737
Other Financing Uses	(9,084)		(9,084)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(9,084)</u>	<u>737</u>	<u>(8,347)</u>
<i>Net Change in Fund Cash Balances</i>	(23,784)	13,654	(10,130)
<i>Fund Cash Balances, January 1</i>	<u>8,021</u>	<u>66,002</u>	<u>74,023</u>
Fund Cash Balances, December 31			
Restricted		79,656	79,656
Unassigned (Deficit)	(15,763)		(15,763)
<i>Fund Cash Balances, December 31</i>	<u>\$ (15,763)</u>	<u>\$ 79,656</u>	<u>\$ 63,893</u>

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

**RUTLAND TOWNSHIP
MEIGS 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 Rutland Township, Meigs County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with the Rutland Volunteer Fire Department to provide fire services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool. Note 6 to the financial statements provides additional information for this entity.

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 and Investments

The Township values certificates of deposit at cost. All other available funds of the Township are in an interest-bearing checking account.

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.

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.

**RUTLAND TOWNSHIP
MEIGS 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 (Continued)

Road Maintenance Fund - This fund receives property tax money for maintaining and repairing Township roads and bridges.

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 and 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 3.

F. Fund Balance

Fund balance is divided into five 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. Nonspendable

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

2. 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.

**RUTLAND TOWNSHIP
MEIGS COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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.

4. 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.

5. 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.

2. Equity in Pooled Deposits

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

	<u>2013</u>	<u>2012</u>
Demand deposits	\$222,387	\$51,605
Certificates of deposit	262,456	12,288
Total Deposits	<u>\$484,843</u>	<u>\$63,893</u>

**RUTLAND TOWNSHIP
MEIGS COUNTY**

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

2. Equity in Pooled Deposits (Continued)

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$191,066	\$454,268	\$263,202
Special Revenue	482,084	544,488	62,404
Total	\$673,150	\$998,756	\$325,606

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$205,895	\$317,243	(\$111,348)
Special Revenue	501,548	260,563	240,985
Total	\$707,443	\$577,806	\$129,637

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$38,978	\$49,419	\$10,441
Special Revenue	232,757	256,430	23,673
Total	\$271,735	\$305,849	\$34,114

201 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$76,080	\$73,202	\$2,878
Special Revenue	258,902	242,776	16,126
Total	\$334,982	\$315,978	\$19,004

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$111,348 for the year ended December 31, 2013.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

**RUTLAND TOWNSHIP
MEIGS COUNTY**

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

4. Property Tax (Continued)

Public utilities are also taxed on personal and real property located within the Township.

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

5. 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 the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

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

6. 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.

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:

**RUTLAND TOWNSHIP
MEIGS COUNTY**

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

6. Risk Management (Continued)

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

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.

Contributions to OTARMA

<u>2013</u>	<u>2012</u>
\$3,905	\$3,838

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

Rutland Township
Meigs County
P.O. Box 203
Rutland, Ohio 45775

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 Rutland Township, Meigs 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 June 18, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 opinion 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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 findings 2013-001 and 2013-003 described in the accompanying Schedule of Findings to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2013-001 through 2014-004.

Entity's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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.



Dave Yost
Auditor of State

Columbus, Ohio

June 18, 2014

**RUTLAND TOWNSHIP
MEIGS 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

Noncompliance and Material Weakness

Ohio Rev. Code § 505.24(C) sets forth the method by which township trustees' compensation should be allocated.

Subsequent to House Bill 153, passed in 2011, Ohio Rev. Code §§ 505.24 and 507.09 now require township trustees and fiscal officers, respectively, to certify the amount of work performed on restricted funds. The Board did not prepare any payroll certifications for 2013 and 2012.

As a result, in 2013, the Motor Vehicle License Tax Fund, Gasoline Tax Fund and the Road and Bridge Fund were increased \$6,743, \$8,704 and \$6,563, respectively, and the General Fund was decreased \$22,010. During 2012, the Motor Vehicle License Tax Fund and the Gasoline Tax Fund were increased by \$827 and \$28,255, respectively, and the General Fund was decreased by \$29,082.

These adjustments, with which the Township's management agrees, were posted to the accounting records and are reflected in the accompanying financial statements.

We recommend the Township review to H.B. 153, as well as Ohio Rev. Code §§ 505.24 and 507.09, and adopt formal administrative procedures regarding signed certifications of the allocation of payroll by each Trustee for each monthly pay period. The Fiscal Officer should not distribute the Trustees' salary until such signed certification is obtained. If they are paid 100% out of the General Fund, no certification is required.

Official's Response: We are making every effort to meet the audit recommendations.

FINDING NUMBER 2013-002

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated as provided in such chapter.

At December 31, 2013, expenditures exceeded appropriations by \$111,348 for the General Fund.

This was caused by a reduction to appropriations for the amount of a transfer out of the General Fund. The practice of allowing expenditures to exceed appropriations could result in negative fund balances for the Township.

We recommend the Board approve an appropriation resolution and the Fiscal Officer to compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Board should take the necessary steps to adopt additional appropriations to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

Official's Response: We are making every effort to meet the audit recommendations.

**RUTLAND TOWNSHIP
MEIGS 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)
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FINDING NUMBER 2013-003

Noncompliance and Material Weakness

Ohio Admin Code § 117-2-02(A) states that all local public 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.

For 2012, adjustments for the following were made to the financial statements:

- Homestead and Rollback receipts totaling \$1,127 were posted incorrectly to Taxes instead of Intergovernmental in the General Fund.
- Miscellaneous receipts totaling \$107 were posted incorrectly to Taxes in the General Fund.
- Tax receipts of \$199 were incorrectly posted to the General Fund instead of the Road and Bridge Fund resulting in a fund balance adjustment.
- Intergovernmental receipts of \$252 were posted to Miscellaneous in the Gasoline Tax Fund.
- Intergovernmental receipts from the Summer Help Program of \$3,453 were posted to Other Financing Sources in the Gasoline Tax Fund.
- Homestead and Rollback receipts totaling \$2,327 were posted incorrectly to Taxes instead of Intergovernmental in the Road and Bridge Fund.
- Homestead and Rollback receipts totaling \$2,255 were posted incorrectly to Taxes instead of Intergovernmental in the Cemetery Fund.
- Homestead and Rollback receipts totaling \$4,197 were posted incorrectly to Taxes instead of Intergovernmental in the Road Maintenance Fund.
- Tax receipts of \$434 were posted to Intergovernmental in the Special Levy Fire Fund.
- Homestead and Rollback receipts totaling \$3,155 were posted incorrectly to Taxes instead of Intergovernmental in the Special Levy Fire Fund.
- Tax receipts of \$327 were incorrectly posted to the Special Levy Fire Fund instead of the Road Maintenance Fund resulting in a fund balance adjustment.
- Interest receipts of \$1,513 for the Cemetery Fund were not posted to the system resulting in a fund balance adjustment to reconcile cash balances.

For 2013, adjustments for the following were made to the financial statements:

- Homestead and Rollback receipts totaling \$2,169 were posted incorrectly to Taxes instead of Intergovernmental in the General Fund.
- FEMA grant receipts of \$2,783 were posted incorrectly to Miscellaneous instead of Intergovernmental in the Motor Vehicle License Tax Fund.
- FEMA grant receipts of \$8,142 were posted incorrectly to Miscellaneous instead of Intergovernmental in the Gasoline Tax Fund.
- Intergovernmental receipts from the Summer Help Program of \$6,535 were posted to Miscellaneous in the Gasoline Tax Fund.
- Intergovernmental receipts from the Summer Help Program of \$2,212 were posted to Other Financing Sources in the Gasoline Tax Fund.
- Homestead and Rollback receipts totaling \$4,467 were posted incorrectly to Taxes instead of Intergovernmental in the Road and Bridge Fund.

**RUTLAND TOWNSHIP
MEIGS 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 2013-003 (Continued)

Noncompliance and Material Weakness - Ohio Admin Code § 117-2-02(A) (Continued)

- Homestead and Rollback receipts totaling \$4,343 were posted incorrectly to Taxes instead of Intergovernmental in the Cemetery Fund.
- Homestead and Rollback receipts totaling \$8,083 were posted incorrectly to Taxes instead of Intergovernmental in the Road Maintenance Fund.
- Homestead and Rollback receipts totaling \$6,077 were posted incorrectly to Taxes instead of Intergovernmental in the Special Levy Fire Fund.
- Tax receipts of \$10,342 were incorrectly posted to the Special Levy Fire Fund instead of the Cemetery Fund resulting in a fund balance adjustment.
- Interest receipts of \$167 for the Cemetery Fund were not posted to the system resulting in a fund balance adjustment to reconcile cash balances.

As a result, significant reclassifications, with which the Township's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

We recommend the Fiscal Officer refer to the Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the financial statements reflect the appropriate sources of the receipts and proper classification of disbursements.

Official's Response: We are making every effort to meet the audit recommendations.

FINDING NUMBER 2013-004

Noncompliance

Ohio Admin. Code § 117-2-02(C)(1) states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2012, approved estimated receipts did not agree to the Township's ledgers as follows:

Fund	Estimated Receipts, as Approved	Estimated Receipts, per System	Variance
General Fund	\$ 38,978	\$ 28,545	\$ 10,433
Gasoline Tax Fund	88,901	85,448	3,453
Cemetery Fund	24,758	13,982	10,776
Road Maintenance Fund	46,794	41,592	5,202

**RUTLAND TOWNSHIP
MEIGS 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 2013-004 (Continued)

Noncompliance - Ohio Admin. Code § 117-2-02(C)(1) (Continued)

At December 31, 2013, approved estimated receipts did not agree to the Township's ledgers as follows:

Fund	Estimated Receipts, as Approved	Estimated Receipts, per System	Variance
General Fund	\$ 191,066	\$ 33,585	\$ 157,481
Motor Vehicle License Tax Fund	13,998	19,475	(5,477)
Gasoline Tax Fund	341,811	89,178	252,633
Road and Bridge Fund	23,226	29,681	(6,455)
Cemetery Fund	10,783	30,951	(20,168)
Road Maintenance Fund	41,797	44,783	(2,986)
Special Levy Fire Fund	32,435	37,253	(4,818)
FEMA Fund	7,109	4,204	2,905
Miscellaneous Fund	10,925	0	10,925

This caused the management of the Township to lose some degree of budgetary control since budgetary information was being improperly entered into the system.

We recommend posting estimated receipts as certified by the County Budget Commission. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Official's Response: We are making every effort to meet the audit recommendations.



Dave Yost • Auditor of State

RUTLAND TOWNSHIP

MEIGS 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
JULY 8, 2014**