



Dave Yost • Auditor of State

**RUMLEY TOWNSHIP
HARRISON COUNTY**

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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 of cash balances, receipts and disbursements by fund type, and related notes of Rumley Township, Harrison County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014.

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 opinions.

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 (GAAP), 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 Township 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis 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 the Township as of December 31, 2015 and 2014, 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, as of December 31, 2015 and 2014, 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(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 August 22, 2016, 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

August 22, 2016

**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, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$19,255	\$81,904	\$101,159
Licenses, Permits and Fees	0	9,800	9,800
Intergovernmental	25,503	100,943	126,446
Special Assessments	0	1,485	1,485
Earnings on Investments	28	1	29
Miscellaneous	481	5,688	6,169
<i>Total Cash Receipts</i>	<u>45,267</u>	<u>199,821</u>	<u>245,088</u>
Cash Disbursements			
Current:			
General Government	34,241	354	34,595
Public Safety	0	46,891	46,891
Public Works	0	117,906	117,906
Health	0	37,232	37,232
Capital Outlay	0	2,350	2,350
Debt Service:			
Principal Retirement	0	5,491	5,491
Interest and Fiscal Charges	0	230	230
<i>Total Cash Disbursements</i>	<u>34,241</u>	<u>210,454</u>	<u>244,695</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>11,026</u>	<u>(10,633)</u>	<u>393</u>
<i>Fund Cash Balances, January 1</i>	<u>54,912</u>	<u>96,100</u>	<u>151,012</u>
Fund Cash Balances, December 31			
Restricted	0	85,467	85,467
Assigned	44,000	0	44,000
Unassigned	21,938	0	21,938
<i>Fund Cash Balances, December 31</i>	<u><u>\$65,938</u></u>	<u><u>\$85,467</u></u>	<u><u>\$151,405</u></u>

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

RUMLEY TOWNSHIP
HARRISON COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Fiduciary Fund Type</u>
	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	\$100
Miscellaneous	1
	<hr/>
<i>Total Operating Cash Receipts</i>	101
	<hr/>
Operating Cash Disbursements	
Purchased Services	25
Supplies and Materials	119
	<hr/>
<i>Total Operating Cash Disbursements</i>	144
	<hr/>
<i>Operating (Loss)</i>	(43)
	<hr/>
<i>Fund Cash Balances, January 1</i>	90,935
	<hr/>
<i>Fund Cash Balances, December 31</i>	\$90,892
	<hr/> <hr/>

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

**RUMLEY TOWNSHIP
HARRISON TOWNSHIP**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$16,192	\$63,103	\$79,295
Licenses, Permits and Fees	0	12,600	12,600
Intergovernmental	19,249	106,184	125,433
Special Assessments	0	1,638	1,638
Earnings on Investments	50	2	52
Miscellaneous	1,213	14,000	15,213
<i>Total Cash Receipts</i>	<u>36,704</u>	<u>197,527</u>	<u>234,231</u>
Cash Disbursements			
Current:			
General Government	53,389	965	54,354
Public Safety	0	44,163	44,163
Public Works	0	105,116	105,116
Health	0	34,355	34,355
Capital Outlay	0	2,353	2,353
Debt Service:			
Principal Retirement	0	5,238	5,238
Interest and Fiscal Charges	0	483	483
<i>Total Cash Disbursements</i>	<u>53,389</u>	<u>192,673</u>	<u>246,062</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(16,685)</u>	<u>4,854</u>	<u>(11,831)</u>
<i>Fund Cash Balances, January 1</i>	<u>71,597</u>	<u>91,246</u>	<u>162,843</u>
Fund Cash Balances, December 31			
Restricted	0	96,100	96,100
Assigned	49,900	0	49,900
Unassigned	5,012	0	5,012
<i>Fund Cash Balances, December 31</i>	<u><u>\$54,912</u></u>	<u><u>\$96,100</u></u>	<u><u>\$151,012</u></u>

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

RUMLEY TOWNSHIP
HARRISON COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
Operating Cash Receipts	
Earnings on Investments	<u>\$100</u>
<i>Total Operating Cash Receipts</i>	<u>100</u>
Operating Cash Disbursements	
Purchased Services	<u>22</u>
<i>Total Operating Cash Disbursements</i>	<u>22</u>
<i>Operating Income</i>	<u>78</u>
<i>Fund Cash Balances, January 1</i>	<u>90,857</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$90,935</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, 2015 AND 2014**

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, cemetery maintenance, and fire protection. The Township contracts with the Jewett Volunteer Fire Department to provide fire services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA is a risk-sharing pool available to Ohio Townships for insurance coverage. Note 7 to the financial statements provides additional information for this risk pool membership.

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 permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Fund Accounting

The Township uses fund accounting to segregate cash that is 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 to pay 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.

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency 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.

D. 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 2015 and 2014 budgetary activity appears in Note 3.

E. 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.

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance (Continued)

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.

F. Property, Plant, and Equipment

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

G. 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 at December 31 was as follows:

	2015	2014
Demand deposits	\$152,567	\$152,328
Certificates of deposit	89,168	89,058
Other time deposits (savings and NOW accounts)	562	561
Total deposits	\$242,297	\$241,947

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

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years December 31, 2015 and 2014, follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,100	\$45,267	\$15,167
Special Revenue	196,200	199,821	3,621
Private Purpose Trust	4	101	97
Total	\$226,304	\$245,189	\$18,885

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$80,000	\$34,241	\$45,759
Special Revenue	279,250	210,454	68,796
Private Purpose Trust	7,500	144	7,356
Total	\$366,750	\$244,839	\$121,911

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,183	\$36,704	\$9,521
Special Revenue	197,487	197,527	40
Private Purpose Trust	250	100	(150)
Total	\$224,920	\$234,331	\$9,411

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$83,765	\$53,389	\$30,376
Special Revenue	259,826	192,673	67,153
Private Purpose Trust	50,000	22	49,978
Total	\$393,591	\$246,084	\$147,507

Contrary to Ohio Rev. Code § 5705.10(D), in 2015, Township supplement receipts in the amount of \$7,975 were posted to the Road & Bridge Fund instead of the General Fund.

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.

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

4. PROPERTY TAX (Continued)

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

5. DEBT

Debt outstanding at December 31, 2015, was as follows:

	Principal	Interest Rate
Promissory Note	\$1,868	4.65%

The Township issued a promissory note to finance the purchase of a John Deere 6100D Tractor for Township road maintenance. 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.

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

	Promissory Note
Year ending December 31: 2016	\$1,907

6. 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 includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, 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, 2015.

7. RISK MANAGEMENT

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. 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.

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. RISK MANAGEMENT (Continued)

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, 2015, 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

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>2015</u>	<u>2014</u>
\$4,334	\$4,325

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. RISK MANAGEMENT (Continued)

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 the cash balances, receipts, and disbursements by fund type of Rumley Township, Harrison County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated August 22, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 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.

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 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.

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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2015-001 and 2015-002 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 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 2015-001.

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

August 22, 2016

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) states, in part, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. All revenue derived from a source other than the general property tax, for which the law does not prescribe use for a particular purpose, including interest earned on the principal of any special fund, regardless of the source or purpose of the principal, shall be paid into the general fund.

During 2015, Township supplement receipts in the amount of \$7,975 were posted to the Road and Bridge Fund instead of the General Fund.

The adjustment noted above has been agreed to by Township management and has been posted to the Township's accounting records and are reflected in the accompanying financial statements.

The Township Fiscal Officer should utilize available authoritative resources to appropriately record receipt transactions to the correct fund.

FINDING NUMBER 2015-002

Material Weakness

All local public offices shall 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 Ohio Township Handbook (revised March 2016) provides suggested account classifications. These accounts classify receipts by fund and source (property taxes or intergovernmental revenue, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

Also, the UAN Accounting and General Manual (revised December 2013) provides five suggested fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

The Township did not always record receipts and fund balances into accurate classifications.

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2015-002
(Continued)**

Material Weakness (Continued)

The following summarizes the adjustments in 2015 and 2014 the Fiscal Officer has agreed to and are reflected in the accompanying financial statements:

2015:

Fund:	Account:	Amount:	Description:
General	Intergovernmental	\$3,222	Homestead and Rollback from the State classified as taxes.
General	Intergovernmental	\$3,988	Township Supplement monies classified as Miscellaneous.
General	Fund Balance - Assigned	\$44,000	Subsequent year appropriations not covered by estimated receipts.

2014:

Fund:	Account:	Amount:	Description:
General	Intergovernmental	\$3,077	Homestead and Rollback from the State classified as taxes.
General	Fund Balance - Assigned	\$49,900	Subsequent year appropriations not covered by subsequent year estimated receipts.
Road and Bridge Fund	Intergovernmental	\$2,087	Homestead and Rollback from the State classified as taxes.
Special Levy Fire	Intergovernmental	\$6,829	Homestead and Rollback from the State classified as taxes.
Special Levy Cemetery	Intergovernmental	\$2,444	Homestead and Rollback from the State classified as taxes.
Private Purpose Trust	Earnings on investments	(\$172)	Interest from prior year already posted in beginning fund balance.

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

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

**FINDING NUMBER 2015-002
(Continued)**

Material Weakness (Continued)

The following summarizes the adjustments in 2015 the Fiscal Officer has agreed to but are not reflected in the accompanying financial statements due to their insignificance:

Fund:	Account:	Amount:	Description:
Road and Bridge Fund	Intergovernmental	\$2,265	Homestead and Rollback from the State classified as taxes.
Special Levy Fire	Intergovernmental	\$6,292	Homestead and Rollback from the State classified as taxes.
Special Levy Cemetery	Intergovernmental	\$2,249	Homestead and Rollback from the State classified as taxes.

The Township Fiscal Officer should utilize available authoritative resources to appropriately classify and record all receipt transactions and fund balances.

Officials' Response: We did not receive a response from Officials to the Findings reported above.

**RUMLEY TOWNSHIP
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Material Weakness – Errors noted in the financial statements that required audit reclassifications.	No	Not Corrected; Re-issued as Finding Number 2015-002.
2013-002	Noncompliance – Ohio Rev. Code Chapter 133 – Tractor Bank Loan not a legal debt instrument for a Township.	No	Not Corrected; Re-issued within management letter.



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
SEPTEMBER 15, 2016**