

**RUGGLES TOWNSHIP  
ASHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

**Long, Cook & Samsa, Inc.**

**CERTIFIED PUBLIC ACCOUNTANTS**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Ruggles Township  
Nova, Ohio

We have reviewed the *Independent Accountants' Report* of Ruggles Township, Ashland County, prepared by Long, Cook & Samsa, Inc., for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Ruggles Township, Ashland County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

May 25, 2006

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RUGGLES TOWNSHIP  
ASHLAND COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2004 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2003 .....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	10
Schedule of Findings .....	11

# Long, Cook & Samsa, Inc.

Certified Public Accountants/Consultants

## INDEPENDENT ACCOUNTANTS' REPORT

Ruggles Township  
Ashland County  
419 County Road 1183  
Nova, Ohio 44859

To the Board of Trustees:

We have audited the accompanying financial statements of Ruggles Township, Ashland County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity-wide statements and also presenting its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Ruggles Township, Ashland County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2006, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Long, Cook & Samsa, Inc." followed by a horizontal line.

Long, Cook & Samsa, Inc.  
April 6, 2006

**RUGGLES TOWNSHIP  
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 15,539	\$ 66,636	\$ 82,175
Intergovernmental	34,310	86,817	121,127
Licenses, Permits and Fees	3,039	1,750	4,789
Earnings on Investments	99	52	151
Other	1,754	3,035	4,789
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	\$ 54,741	158,290	213,031
<b>Cash Disbursements:</b>			
Current:			
General Government	53,647	-	53,647
Public Safety	-	9,892	9,892
Public Works	504	137,256	137,760
Health	686	2,170	2,856
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	54,837	149,318	204,155
Total Cash Receipts Over/(Under) Cash Disbursements	(96)	8,972	8,876
Fund Cash Balances, January 1	1,999	29,601	31,600
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 1,903</u></b>	<b><u>\$ 38,573</u></b>	<b><u>\$ 40,476</u></b>

See accountants' report and accompanying notes to the financial statements.



**RUGGLES TOWNSHIP  
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 14,626	\$ 61,699	\$ 76,325
Intergovernmental	24,252	68,610	92,862
Licenses, Permits and Fees	2,543	750	3,293
Earnings on Investments	115	37	152
Other	112	3,339	3,451
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	41,648	134,435	176,083
<b>Cash Disbursements:</b>			
Current:			
General Government	50,248	-	50,248
Public Safety	-	10,852	10,852
Public Works	504	113,207	113,711
Health	685	2,145	2,830
Capital Outlay	-	17,500	17,500
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	51,437	143,704	195,141
Total Cash Receipts Over/(Under) Cash Disbursements	(9,789)	(9,269)	(19,058)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	11,788	38,870	50,658
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 1,999</u></u>	<u><u>\$ 29,601</u></u>	<u><u>\$ 31,600</u></u>

See accountants' report and accompanying notes to the financial statements.

**RUGGLES TOWNSHIP  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Ruggles Township, Ashland County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road, bridge, and cemetery maintenance and fire protection services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

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

**2. Special Revenue Funds**

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

*Road and Bridge Fund* – This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

**RUGGLES TOWNSHIP  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 the appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

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

**F. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**RUGGLES TOWNSHIP  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**2. EQUITY IN POOLED CASH**

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

	2004	2003
Demand deposits	\$ 40,476	\$ 31,600
Total deposits and investments	\$ 40,476	\$ 31,600

Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2004 and 2003, follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 53,322	\$ 54,741	\$ 1,419
Special Revenue	148,311	158,290	9,979
Total	\$ 201,633	\$ 213,031	\$ 11,398

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 45,598	\$ 54,837	\$ (9,239)
Special Revenue	177,645	149,318	28,327
Total	\$ 223,243	\$ 204,155	\$ 19,088

**RUGGLES TOWNSHIP  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 44,277	\$ 41,648	\$ (2,629)
Special Revenue	134,463	134,435	(28)
Total	\$ 178,740	\$ 176,083	\$ (2,657)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 56,065	\$ 51,437	\$ 4,628
Special Revenue	173,333	143,704	29,629
Total	\$ 229,398	\$ 195,141	\$ 34,257

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund in 2004.

**4. PROPERTY TAX**

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**RUGGLES TOWNSHIP  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**5. RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. OPERS member employees contributed 8.5% of their gross salaries for 2004 and 2003. The Township contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2004. The Township has paid all contributions required through December 31, 2004.

**6. RISK MANAGEMENT**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are responsible for their self retention (deductible) amounts which vary from member to member.

**7. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

# Long, Cook & Samsa, Inc.

Certified Public Accountants/Consultants

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Ruggles Township  
Ashland County  
419 County Road 1183  
Nova, Ohio 44859

To the Board of Trustees:

We have audited the financial statements of Ruggles Township, Ashland County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 6, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

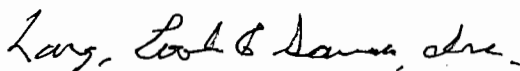
### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements we audited may occur and not be detected within a timely period by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses. In a separate letter to the Township's management dated April 6, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

### Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed three instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001, 2004-002 and 2004-003. In a separate letter to the Township's management dated April 6, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and Board of Township Trustees. It is not intended for anyone other than these specified parties.



Long, Cook & Samsa, Inc.  
April 6, 2006

**RUGGLES TOWNSHIP  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

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

**FINDING NUMBER 2004-001**

**Noncompliance Citation**

Ohio Rev. Code Section 505.24(C) requires Trustees' salaries to be paid from the General Fund or from other Township funds in such proportions as the Board specifies by resolution. The resolution should allocate the salaries based on the types of services provided by the Trustees.

On January 6, 2003, and January 5, 2004, the Board of Trustees passed resolutions that their salaries will be \$4,400.00 per year (which is less than the maximum allowed by Ohio Rev. Code Section 505.24 based on the budget). The resolutions also stated that the salaries of the Trustees should be paid 50% from the General Fund and 50% from the Gasoline Tax Fund. Benefits such as health insurance and the employer's portion of retirement and Medicare should be paid out of the same funds, and in the same proportions, as the salaries.

In 2003, the salaries of the Trustees were allocated correctly to the two funds. However, \$298 was paid to the public employees retirement system from the Gasoline Tax Fund that should have been paid from the General Fund; and \$32 was paid from the General Fund for Medicare taxes that should have been paid from the Gasoline Tax Fund.

In 2004, the salaries of the Trustees were paid entirely from the Gasoline Tax Fund, when \$6,600 in salary should have been paid from the General Fund. In addition, \$298 was paid to the public employees retirement system from the Gasoline Tax Fund that should have been paid from the General Fund; Medicare taxes of \$16 were paid from the Gasoline Tax Fund that should have been paid from the General Fund, and Medicare taxes of \$26 were paid from the General Fund that should have been paid from the Cemetery Fund.

In accordance with the foregoing, the Township made an adjustment against the General Fund, in favor of the Gasoline Tax Fund, in the amount of \$266 for 2003. It also made adjustments for 2004 against the General Fund, in favor of the Gasoline Tax Fund in the amount of \$6,914, and against the Cemetery Fund in favor of the General Fund in the amount of \$26. These adjustments are reflected in the accompanying financial statements. The Township did not record them in their records until after the audit period.

**FINDING NUMBER 2004-002**

**Noncompliance Citation**

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

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705(D)(1) and 5705.41(D)(3), respectively,



of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket certificate – Fiscal officers may prepare "blanket" certificates not exceeding an amount established by resolution or ordinance adopted by the legislative authority, against any specific line item account over a period running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

Of the disbursement transactions tested for the period January 1, 2003, through December 31, 2004, 90% were not certified prior to incurring the obligation and the above exceptions were not utilized for these transactions. The failure to certify the availability of funds prior to the obligation could result in negative fund balance and/or deficit spending by the Township.

The Township should develop policies and utilize the exceptions listed above to improve compliance with the prior certification requirement.

#### **FINDING NUMBER 2004-003**

##### **Noncompliance Citation**

Ohio Rev. Code Section 5705.38 states that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit (Board of Trustees in townships) shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based on the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1, at which time a permanent appropriation measure must be passed.

Ohio Rev. Code Section 5705.40 states that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation.

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter.

The Township passed permanent appropriation measures on January 27, 2003, and January 26, 2004. However, the Township made expenditures between January 1 of each year and the date of the permanent appropriation measures without approving temporary appropriations. As a result, expenditures made during that period were not legally expended and exceeded appropriations.

The Township Trustees passed resolutions in both 2003 and 2004 giving the Clerk the authority to make supplemental appropriations that could change the permanent appropriation measure. However, the appropriation process is a function of the taxing authority that must be performed by those specific individuals elected to fulfill that responsibility—the Township's Trustees are not permitted to delegate their authority to establish or amend appropriations. The Trustees may give other officials of the Township the authority to allocate or reallocate resources within a legally adopted appropriation, but only below the legal level of control set by the Board of Trustees. As the Township's legislative authority, the Trustees should approve all changes to the permanent appropriation measure prior to the Clerk amending the appropriations in the accounting system. This report does not include supplemental appropriations that were not approved by the Trustees.

On or about the first day of each fiscal year, the Trustees should pass an appropriation measure. If the Trustees want to postpone the passage of the annual appropriation measure, they may pass a temporary appropriation measure for meeting the ordinary expenses until April 1. The Trustees should pass resolutions approving all supplemental appropriations during the year (unless the supplemental appropriations are below the lowest level at which the appropriations were adopted by the Trustees) and the Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations.



**Auditor of State  
Betty Montgomery**

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**RUGGLES TOWNSHIP**

**ASHLAND 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  
JUNE 08, 2006**