



**RIPLEY TOWNSHIP  
HOLMES COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**RIPLEY TOWNSHIP  
HOLMES COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Ripley Township  
Holmes County  
7924 CR 51  
Shreve, Ohio 44676

To the Board of Trustees:

We have audited the accompanying financial statements of Ripley Township, Holmes County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 13, 2001

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**RIPLEY TOWNSHIP  
HOLMES COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$21,314	\$51,619		\$72,933
Intergovernmental	60,792	75,479	\$107,447	243,718
Licenses, Permits, and Fees			80	80
Earnings on Investments	1,249	547		1,796
Miscellaneous	3,357	12,034		15,391
	<u>86,712</u>	<u>139,679</u>	<u>107,527</u>	<u>333,918</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	41,914			41,914
Public Works	1,310	143,644		144,954
Health	10,538			10,538
Debt Service:				
Redemption of Principal	6,384	6,383		12,767
Interest and Fiscal Charges	331	332		663
Capital Outlay	12,068	1,164	109,159	122,391
	<u>72,545</u>	<u>151,523</u>	<u>109,159</u>	<u>333,227</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>14,167</u>	<u>(11,844)</u>	<u>(1,632)</u>	<u>691</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			14,913	14,913
Transfers-Out	(14,913)			(14,913)
	<u>(14,913)</u>	<u>0</u>	<u>14,913</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing (Disbursements)	(746)	(11,844)	13,281	691
Fund Cash Balances, January 1	<u>14,920</u>	<u>44,312</u>	<u>0</u>	<u>59,232</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$14,174</b></u>	<u><b>\$32,468</b></u>	<u><b>\$13,281</b></u>	<u><b>\$59,923</b></u>
Reserves for Encumbrances, December 31	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

**RIPLEY TOWNSHIP  
HOLMES COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$21,323	\$52,174	\$73,497
Intergovernmental	27,233	74,082	101,315
Earnings on Investments	932	704	1,636
Miscellaneous	242	3,423	3,665
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	49,730	130,383	180,113
<b>Cash Disbursements:</b>			
Current:			
General Government	41,159		41,159
Public Works	1,211	129,122	130,333
Health	10,374		10,374
Debt Service:			
Redemption of Principal	5,945	5,944	11,889
Interest and Fiscal Charges	739	740	1,479
Capital Outlay	8,650	2,975	11,625
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	68,078	138,781	206,859
Total Cash Receipts (Under) Cash Disbursements	(18,348)	(8,398)	(26,746)
<b>Other Financing Receipts:</b>			
Sale of Fixed Assets	5,719		5,719
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(12,629)	(8,398)	(21,027)
Fund Cash Balances, January 1	27,549	52,710	80,259
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$14,920</b>	<b>\$44,312</b>	<b>\$59,232</b>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$0	\$0	\$0
	<hr/>	<hr/>	<hr/>

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

**RIPLEY TOWNSHIP  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Ripley Township, Holmes 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 general governmental services, which includes road maintenance.

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 cash 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. Cash**

The Township maintains an interest bearing Super Now checking account. The Township has no investments.

**D. 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 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 had 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.

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

**RIPLEY TOWNSHIP  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**D. Fund Accounting (Continued)**

**3. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Projects Fund:

Capital Improvement Fund - This fund received Ohio Public Works Commission Issue II funds to widen and reconstruct a road.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. 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.

**RIPLEY TOWNSHIP  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$59,923</u>	<u>\$59,232</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 83,801	\$ 86,712	\$ 2,911
Special Revenue	134,350	139,679	5,329
Capital Projects	149,134	122,440	(26,694)
Total	<u>\$ 367,285</u>	<u>\$ 348,831</u>	<u>\$ (18,454)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 81,777	\$ 87,458	\$ (5,681)
Special Revenue	163,867	151,523	12,344
Capital Projects	149,134	109,159	39,975
Total	<u>\$ 394,778</u>	<u>\$ 348,140</u>	<u>\$ 46,638</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 60,875	\$ 55,449	\$ (5,426)
Special Revenue	131,441	130,383	(1,058)
Total	<u>\$ 192,316</u>	<u>\$ 185,832</u>	<u>\$ (6,484)</u>

**RIPLEY TOWNSHIP  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 71,000	\$ 68,078	\$ 2,922
Special Revenue	<u>166,000</u>	<u>138,781</u>	<u>27,219</u>
Total	<u>\$ 237,000</u>	<u>\$ 206,859</u>	<u>\$ 30,141</u>

**4. NONCOMPLIANCE**

Contrary to Ohio Rev. Code Section 5705.41 (D), the Township did not certify the availability of funds for certain expenditures during 2000 and 1999.

Contrary to Ohio Rev. Code Section 5705.41(B), the Township had expenditures plus outstanding encumbrances which exceeded appropriations in the General Fund at December 31, 2000.

Contrary to Ohio Rev. Code Section 505.24, the Township Trustees were paid from General Fund and Gas Tax Fund during the audit period. There was no resolution in effect which indicated that Trustees' salaries should be paid from any fund other than the General Fund. However, in April 2001, the Board of Trustees passed a resolution retroactive to January 1, 1999, which allowed one-half of all of the Township Trustees' salaries to be paid from the Gas Tax Fund and one-half to be paid from the General Fund, based on the estimated level of service provided by the Trustees during the audit period.

**5. 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.

**6. DEBT**

The Township retired a General Obligation Note during 2000 that was used to purchase a dump truck. The total amount retired, including principal and interest, was \$13,430 in 2000 and \$13,368 in 1999.

**RIPLEY TOWNSHIP  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**7. RETIREMENT SYSTEM**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% in 2000 and 13.55% in 1999 of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**8. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public official's liability
- Inland marine
- EDP

**9. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. 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.

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Ripley Township  
Holmes County  
7924 CR 51  
Shreve, Ohio 44676

To the Board of Trustees:

We have audited the accompanying financial statements of Ripley Township, Holmes County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 13, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-40938-001 and 2000-40938-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 13, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance 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 condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 13, 2001.

Ripley Township  
Holmes County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 13, 2001

**RIPLEY TOWNSHIP  
HOLMES COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

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

**FINDING NUMBER 2000-40938-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 505.24** states the Township Trustees shall be paid from the township general fund or from such other township funds in such proportions as the board may specify by resolution. This means the salary resolution must allocate the salary distribution from various funds in the same proportion as the trustees' services bear to the activities supported by such funds, as determined by the Board.

During our audits, we noted that the Township Trustees were paid a portion of their salary from both the General Fund and Special Revenue Fund Types (Gas Tax Fund). There was no resolution in effect which indicated that Trustees' salaries should be paid from any fund other than the General Fund.

However, on April 2, 2001, the Board of Trustees passed a resolution retroactive to January 1, 1999, which allowed one-half of all of the Township Trustees' salaries to be paid from the Gas Tax Fund and one-half to be paid from the General Fund, based on the estimated level of service provided by the Trustees during the audit period. The percentages indicated in that resolution reflect the percentages of the Township Trustees' salaries allocated during the audit period and reflected in the accompanying financial statements.

**FINDING NUMBER 2000-40938-002**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41 (D)**, provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

**FINDING NUMBER 2000-40938-002 (Continued)**

During the audit period, 21 out of the 60 expenditures tested were not certified by the Clerk prior to incurring the obligation. It was also found that neither of the two certification exceptions detailed above was utilized for the items found to be in noncompliance.

The Township should certify the availability of expenditures and also implement the use of so called Then and Now certificates and Blanket Certificates (when appropriate) as further means to certify funds pursuant to Ohio Rev. Code Section 5705.41.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**RIPLEY TOWNSHIP**

**HOLMES 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  
MAY 15, 2001**