



Dave Yost • Auditor of State



VILLAGE OF RIPLEY  
BROWN COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Ripley  
Brown County  
120 Waterworks Road  
Ripley, Ohio 45167

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Village of Ripley, Brown County, (the Village) as of and for the years ended December 31, 2014 and 2013.

### ***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 Village'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 Village'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 Village 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 (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 Village 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 Section 117.38 and Ohio Administrative Code Section 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 Village as of December 31, 2014 and 2013, or changes in financial position or cash flows 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 Village of Ripley, Brown as of December 31, 2014 and 2013, 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 May 12, 2016, on our consideration of the Village'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 Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

May 12, 2016

**VILLAGE OF RIPLEY  
BROWN COUNTY**

**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	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$21,734	\$162,983	\$0	\$184,717
Municipal Income Tax	205,646	0	0	205,646
Intergovernmental	20,270	109,734	0	130,004
Charges for Services	27,787	59,100	1,400	88,287
Fines, Licenses and Permits	47,793	350	0	48,143
Earnings on Investments	13,794	593	75	14,462
Miscellaneous	47,987	150	0	48,137
<i>Total Cash Receipts</i>	<u>385,011</u>	<u>332,910</u>	<u>1,475</u>	<u>719,396</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	283,453	98,994	0	382,447
Public Health Services	4,177	9,509	0	13,686
Leisure Time Activities	0	27	0	27
Community Environment	480	0	0	480
Transportation	26,388	145,015	0	171,403
General Government	113,198	3	0	113,201
Capital Outlay	45,524	0	0	45,524
<i>Total Cash Disbursements</i>	<u>473,220</u>	<u>253,548</u>	<u>0</u>	<u>726,768</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(88,209)</u>	<u>79,362</u>	<u>1,475</u>	<u>(7,372)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	2,500	0	0	2,500
Other Financing Sources	1,127	0	0	1,127
<i>Total Other Financing Receipts (Disbursements)</i>	<u>3,627</u>	<u>0</u>	<u>0</u>	<u>3,627</u>
<i>Net Change in Fund Cash Balances</i>	<u>(84,582)</u>	<u>79,362</u>	<u>1,475</u>	<u>(3,745)</u>
<i>Fund Cash Balances, January 1</i>	<u>218,466</u>	<u>282,529</u>	<u>165,156</u>	<u>666,151</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	11,254	0	166,631	177,885
Restricted	0	361,891	0	361,891
Assigned	2,318	0	0	2,318
Unassigned (Deficit)	120,312	0	0	120,312
<i>Fund Cash Balances, December 31</i>	<u>\$133,884</u>	<u>\$361,891</u>	<u>\$166,631</u>	<u>\$662,406</u>

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

**VILLAGE OF RIPLEY  
BROWN COUNTY**

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$2,635,071	\$0	\$2,635,071
<i>Total Operating Cash Receipts</i>	<u>2,635,071</u>	<u>0</u>	<u>2,635,071</u>
<b>Operating Cash Disbursements</b>			
Personal Services	386,945	0	386,945
Employee Fringe Benefits	125,742	0	125,742
Contractual Services	1,211,358	0	1,211,358
Supplies and Materials	142,517	0	142,517
Other	45,974	0	45,974
<i>Total Operating Cash Disbursements</i>	<u>1,912,536</u>	<u>0</u>	<u>1,912,536</u>
<i>Operating Income (Loss)</i>	<u>722,535</u>	<u>0</u>	<u>722,535</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Capital Outlay	(77,370)	0	(77,370)
Principal Retirement	(271,044)	0	(271,044)
Interest and Other Fiscal Charges	(57,597)	0	(57,597)
Other Financing Sources	0	45,467	45,467
Other Financing Uses	0	(41,467)	(41,467)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(406,011)</u>	<u>4,000</u>	<u>(402,011)</u>
<i>Income (Loss) before Capital Contributions</i>	316,524	4,000	320,524
Capital Contributions	13,095	0	13,095
<i>Net Change in Fund Cash Balances</i>	329,619	4,000	333,619
<i>Fund Cash Balances, January 1</i>	<u>1,808,988</u>	<u>4</u>	<u>1,808,992</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,138,607</u>	<u>\$4,004</u>	<u>\$2,142,611</u>

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

**VILLAGE OF RIPLEY  
BROWN 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	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$20,787	\$171,151	\$0	\$191,938
Municipal Income Tax	195,237	0	0	195,237
Intergovernmental	18,894	114,735	0	133,629
Special Assessments	15,291	0	0	15,291
Charges for Services	25,183	57,400	1,575	84,158
Fines, Licenses and Permits	52,760	87	0	52,847
Earnings on Investments	15,229	736	73	16,038
Miscellaneous	45,874	5,795	0	51,669
<i>Total Cash Receipts</i>	<u>389,255</u>	<u>349,904</u>	<u>1,648</u>	<u>740,807</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	285,460	103,342	0	388,802
Public Health Services	3,486	15,927	100	19,513
Transportation	18,801	142,700	0	161,501
General Government	102,070	0	0	102,070
Capital Outlay	24,408	0	0	24,408
<i>Total Cash Disbursements</i>	<u>434,225</u>	<u>261,969</u>	<u>100</u>	<u>696,294</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(44,970)</u>	<u>87,935</u>	<u>1,548</u>	<u>44,513</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	60,253	0	0	60,253
<i>Total Other Financing Receipts (Disbursements)</i>	<u>60,253</u>	<u>0</u>	<u>0</u>	<u>60,253</u>
<i>Net Change in Fund Cash Balances</i>	15,283	87,935	1,548	104,766
<i>Fund Cash Balances, January 1</i>	<u>203,183</u>	<u>194,594</u>	<u>163,608</u>	<u>561,385</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	10,127	0	165,156	175,283
Restricted	0	282,529	0	282,529
Assigned	10,517	0	0	10,517
Unassigned (Deficit)	197,822	0	0	197,822
<i>Fund Cash Balances, December 31</i>	<u>\$218,466</u>	<u>\$282,529</u>	<u>\$165,156</u>	<u>\$666,151</u>

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

**VILLAGE OF RIPLEY  
BROWN COUNTY**

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	2,571,440	0	2,571,440
<i>Total Operating Cash Receipts</i>	<u>2,571,440</u>	<u>0</u>	<u>2,571,440</u>
<b>Operating Cash Disbursements</b>			
Personal Services	425,120	0	425,120
Employee Fringe Benefits	123,508	0	123,508
Contractual Services	1,177,761	0	1,177,761
Supplies and Materials	192,913	0	192,913
Other	42,599	0	42,599
<i>Total Operating Cash Disbursements</i>	<u>1,961,901</u>	<u>0</u>	<u>1,961,901</u>
<i>Operating Income (Loss)</i>	<u>609,539</u>	<u>0</u>	<u>609,539</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Capital Outlay	(181,627)	0	(181,627)
Principal Retirement	(261,950)	0	(261,950)
Interest and Other Fiscal Charges	(56,438)	0	(56,438)
Other Financing Sources	0	43,970	43,970
Other Financing Uses	0	(43,970)	(43,970)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(500,015)</u>	<u>0</u>	<u>(500,015)</u>
<i>Income (Loss) before Capital Contributions, and Transfers</i>	109,524	0	109,524
Capital Contributions	1,690	0	1,690
Transfers In	360	0	360
<i>Net Change in Fund Cash Balances</i>	111,574	0	111,574
<i>Fund Cash Balances, January 1</i>	<u>1,697,414</u>	<u>4</u>	<u>1,697,418</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,808,988</u></u>	<u><u>\$4</u></u>	<u><u>\$1,808,992</u></u>

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

**VILLAGE OF RIPLEY  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**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 the Village of Ripley, Brown County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water, electric, and sewer utilities, refuse pickup, and fire and police services.

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

**B. Accounting Basis**

These financial statements follow 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). 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values common stock at fair value when donated.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village 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 Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF RIPLEY  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

Voted Fire Levy Fund – This fund receives property tax from a levy to provide fire services to the village.

**3. Permanent Funds**

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Perpetual Care Fund – This fund receives a portion of the monies from collections for the sale of lots. Interest monies earned are to be used for maintenance and care of the Cemetery premises and are credited directly to the Cemetery fund for this purpose.

**6. Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Electric Fund - This fund receives charges for electrical services provided to residents to cover the cost of providing the utility. .

**7. 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 Village's own programs.

The Village has no private purpose trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court, which receives monies collected on fines imposed from tickets issued by the Village's police protection force.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

VILLAGE OF RIPLEY  
BROWN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village 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 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

The Village 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.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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.

**VILLAGE OF RIPLEY  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**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 Village Council or a Village 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 Village 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 Village 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 and Investments**

The Village maintains a deposit and investments 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:

	2014	2013
Demand deposits	\$1,548,074	\$1,218,200
Certificates of deposit	1,256,069	1,256,069
Total deposits	2,804,143	2,474,269
Common stock	874	874
Total investments	874	874
Total deposits and investments	\$2,805,017	\$2,475,143

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF RIPLEY  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**2. Equity in Pooled Deposits and Investments (Continued)**

**Investments:** For December 31, 2014 and 2013, the Village held investments of stock. Shares of Procter and Gamble Common Stock were donated to the Village in 1967. The Village carries this stock on their records at \$874, which is the fair market value on the date of donation.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$536,047	\$387,511	(\$148,536)
Special Revenue	461,712	332,910	(128,802)
Enterprise	3,304,877	2,648,166	(656,711)
Permanent	600	1,475	875
Total	\$4,303,236	\$3,370,062	(\$933,174)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$631,755	\$475,538	\$156,217
Special Revenue	438,224	254,561	183,663
Enterprise	4,646,969	2,367,479	2,279,490
Permanent	600	0	600
Total	\$5,717,548	\$3,097,578	\$2,619,970

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$497,417	\$449,508	(\$47,909)
Special Revenue	927,172	349,904	(577,268)
Enterprise	3,315,113	2,573,490	(741,623)
Permanent	600	1,648	1,048
Total	\$4,740,302	\$3,374,550	(\$1,365,752)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$631,755	\$444,742	\$187,013
Special Revenue	440,751	264,312	176,439
Enterprise	4,717,101	2,471,783	2,245,318
Permanent	600	100	500
Total	\$5,790,207	\$3,180,937	\$2,609,270

**VILLAGE OF RIPLEY  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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.

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

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

**5. Local Income Tax**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. Debt**

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	\$4,540,160	0-3.9%
Garbage Truck Loan	34,477	3.5%
Ohio Public Works Commission Loans	369,885	0%
Total	\$4,944,522	

May 25, 2006, the Village obtained a loan from OWDA in the amount of \$2,783,574 for a wastewater treatment plant project (Loan Number 4539). The loan is for 20 years due in semi-annual installments on January 1 and July 1, with no interest. As of December 31, 2014, \$2,766,463 of the loan has been utilized.

January 26, 2006, the Village obtained a loan from OWDA in the amount of \$3,025,745 for a water treatment plant replacement project (Loan Number 4438). The loan is for 30 years due in semi-annual installments on January 1 and July 1, bearing interest at 1.50%. As of December 31, 2014, the total amount of the loan has been utilized.

May 31, 2007, the Village obtained a loan from OWDA in the amount of \$564,225 for water system improvements project (Loan Number 4753). The loan is for 30 years due in semi-annual installments on January 1 and July 1, bearing interest of 1.50%. As of December 31, 2014, \$23,896 of the loan has been utilized. OWDA began retiring loan 4753 in 2009 before any substantial disbursements had been made on the Village's behalf. At December 31, 2014, this loan had a negative balance of \$52,269.

**VILLAGE OF RIPLEY  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. Debt (Continued)**

July 26, 2007, the Village obtained a loan from OWDA in the amount of \$191,413 for a water treatment plant replacement project (Loan Number 4752). The loan is for 30 years due in semi-annual installments on January 1 and July 1, bearing interest at 3.97%. As of December 31, 2014, the total amount of the loan has been utilized.

March 25, 2010, the Village obtained a loan from OWDA in the amount of \$160,750 for a sewer extension project (loan Number 5634). The loan is for 30 years due in semi-annual installments in January 1 and July 1, bearing interest at 1.50%. As of December 31, 2014, the total amount of the loan has been utilized.

The Village had two OPWC loans outstanding at December 31, 2014. Loan CT43I, obtained in 2009 in the amount of \$410,119, was used for the replacement of the wastewater treatment plant. Loan CT45L, obtained in 2012 in the amount of \$67,960, was used for the Eagle Creek sewer extension project.

August 14, 2012, the Village obtained a bond from First State Bank in the amount of \$60,000 in order to partially finance the purchase of a Trash Compactor Vehicle. The term of the Bond is 5 years, bearing an interest rate of 3.5%. Payments are due quarterly and principal retirement began in December of 2012.

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

Year ending December 31:	OWDA Loans	OPWC Loans	Garbage Truck Loan	Total
2015	\$169,959	\$22,771	\$12,085	\$204,815
2016	243,235	22,771	12,482	278,488
2017	244,851	22,771	9,910	277,532
2018	246,496	22,771	0	269,267
2019	248,170	22,771	0	270,941
2020-2024	1,267,037	113,856	0	1,380,893
2025-2029	1,026,936	113,856	0	1,140,792
2030-2034	647,942	11,327	0	659,269
2035-2039	438,935	11,327	0	450,262
2040	6,599	5,664	0	12,263
Total	<u>\$4,540,160</u>	<u>\$369,885</u>	<u>\$34,477</u>	<u>\$4,944,522</u>

**7. Retirement Systems**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**VILLAGE OF RIPLEY  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**7. Retirement Systems (Continued)**

The Ohio Revised Code also prescribes contribution rates. For the period January 1, 2013 through June 30, 2013, OP&F participants contributed 10% of their wages. For the period July 1, 2013 through June 30, 2014, OP&F participants contributed 10.75% of their wages. For the Period July 1, 2014 through December 31, 2014, OP&F participants contributed 11.5% of their wages. For 2014 and 2013, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

**8. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles and Equipment;
- Inland Marine;
- Errors and omissions; and
- Umbrella for Volunteer Fireman's Insurance



# 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*

Village of Ripley  
Brown County  
120 Waterworks Road  
Ripley, Ohio 45167

To the Village Council:

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 the Village of Ripley, Brown County, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated May 12, 2016, wherein we noted the Village 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 Village'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 Village'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 a material weakness and a significant deficiency.

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 Entity's financial statements. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-002 described in the accompanying schedule of findings to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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 Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village'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

May 12, 2016

VILLAGE OF RIPLEY  
BROWN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013

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

**FINDING NUMBER 2014-001**

**Material Weakness**

Governments are required to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

We noted the following conditions related to the Village's accounting system:

- The sale of a fixed asset was incorrectly posted as miscellaneous receipts in the General fund in the amount of \$60,253 in 2013.
- The Fund balances of the General fund at December 31, 2013 were not accurately classified; the unassigned fund balance was overstated by \$20,644 and nonspendable and assigned fund balances were understated by \$10,127 and \$10,517, respectively.
- The kilowatt tax receipts were incorrectly posted as miscellaneous receipts instead of other local taxes in the Street Fund in the amounts of \$64,379 and \$64,912 in 2013 and 2014, respectively.
- Intergovernmental receipts were incorrectly posted as taxes receipts in the amount of \$15,020 in the Fire fund in 2013.
- The Mayors court activity was not included within the financial statements. This resulted in the other financing sources and other financing uses being understated by \$43,970 in the Mayor's Court fund in 2013. In 2014, this resulted in the other financing sources being understated by \$45,457 and other financing uses being understated by \$41,467.
- The Village had unrecorded income tax receipts at December 31, 2014. This resulted in the General fund income tax receipts and cash fund balance being understated by \$37,916.
- Intergovernmental receipts were incorrectly posted to the State Highway fund instead of the Street fund in the amount of \$1,708 in 2014.
- In 2014, the USDA revolving loan funds were not included within the financial statements. This resulted in intergovernmental receipts being understated by \$10,000 and general government disbursements being understated by \$9,997 in the USDA revolving loan fund.

The Village corrected the financial statements and accounting records, where appropriate.

**FINDING NUMBER 2014-001  
(Continued)**

We also noted the following conditions related to the Village's accounting system where no adjustments or reclassifications were made to the Village's financial statements.

- The Village recorded RITA income tax receipts at net instead of gross. This resulted in General Fund income tax receipts and general government disbursements to be understated by \$14,098 and \$7,886 in 2013 and 2014, respectively.
- A grant received from Brown County was incorrectly posted in the General fund as miscellaneous receipts instead of intergovernmental receipts in the amount of \$5,000 in 2013.
- Taxes were incorrectly posted as intergovernmental receipts in the General fund in the amount of \$2,786 in 2013.
- Special Assessments were incorrectly posted as both a receipt and a capital outlay disbursement in the General fund in the amount of \$15,291 in 2013.
- Intergovernmental receipts were incorrectly posted as taxes in the amount of \$4,010 in the General fund in 2014.
- Fund balances in the General fund at December 31, 2014 were not properly stated. This resulted in the unassigned fund balance being overstated by \$14,593 and nonspendable, restricted, and assigned fund balances being understated by \$11,254, \$1,021, and \$2,318, respectively.
- A fire grant was incorrectly posted as miscellaneous receipts instead of intergovernmental receipts in the amount of \$2,675 in the Fire fund in 2013.
- Intergovernmental receipts were incorrectly posted as tax receipts in the Fire fund in the amount of \$6,379 in 2014.
- Principal and interest payments were incorrectly posted as other disbursements in the Trash fund in the amount of \$13,050 in 2013 and in the amount of \$13,048 in 2014.

Failure to accurately post and report transactions could result in material errors in the Village's financial statements and reduces the Village's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the Village.

We recommend that the Village accurately record financial transactions.

**Officials' Response:**

We did not receive a response from Officials to this finding.

## FINDING NUMBER 2014-002

### Significant Deficiency

The Village should maintain an accounting system and accounting records sufficient to enable the Village 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.

During testing of the Village's utilities, we noted the following:

- In May 2014, the Village charged an incorrect rate for water, which was a variance of 32%.
- In both 2014 and 2013, several customers were charged sewer despite having no record of water or sewage usage
- In 2013, one customer was not billed for water despite having water usage.
- The Village was unable to provide support for the rates charged for several trash customers.
- Village ordinances provided did not specify under what circumstances a customer would not be charged for sewer.

Failure to charge correct rates and accurately prepare the accounting records 1) reduces the accountability over Village funds, 2) reduces the Council's ability to monitor financial activity and make informed financial decisions, and 3) increases the risk that errors, theft or fraud could occur and not be detected in a timely manner.

We recommend the Village officials and management implement the following:

- Take due care when updating utility rates in the system.
- Update ordinances to determine when customers will be charged for each type of utility.
- Update ordinances to include rates for all utilities.
- Monitor billings to determine customers are charged the correct utilities and the correct rates.
- Adequately document and approve all adjustments to customer accounts.
- Investigate errors noted above and correct those customers over/under billed.

### Officials' Response:

We did not receive a response from Officials to this finding.

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**VILLAGE OF RIPLEY  
BROWN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Several adjustments and reclassifications made to the financial statements.	No	Repeated as Finding 2014-001
2012-002	Failure to certify funds.		Finding no longer valid.

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# Dave Yost • Auditor of State

VILLAGE OF RIPLEY

BROWN 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 24, 2016