



**RIPLEY TOWNSHIP  
HOLMES COUNTY**

**AGREED UPON PROCEDURES**

**FOR THE YEARS ENDED DECEMBER 31, 2018-2017**



# OHIO AUDITOR OF STATE KEITH FABER



## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Ripley Township  
Holmes County  
12968 Township Road 474  
Big Prairie, Ohio 44611

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Ripley Township (the Township), on the receipts, disbursements and balances recorded in the Townships cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Township. The Township is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### Cash

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Fund Status Report to the December 31, 2016 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Fund Status Report to the December 31, 2017 balances in the Fund Status Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.

**Cash (Continued)**

5. We selected all reconciling debits (such as outstanding checks) from the December 31, 2018 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.

**Property Taxes and Intergovernmental Cash Receipts**

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2018 and one from 2017:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Export Report. The amounts did not agree. The Township is recording taxes at net rather than at gross. This resulted in an understatement of revenues and disbursements in the amount of \$7,796 for 2018 and \$2,817 for 2017.
  - b. We inspected the Receipt Export Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Receipt Export Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Export Report to determine whether it included two real estate tax receipts for 2018 and 2017. The Receipt Export Report included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2018 and all from 2017. We also haphazardly selected five receipts from the County Auditor's Cross Reference Report by Vendor Number from 2018 and five from 2017.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Export Report. The amounts agreed.
  - b. We inspected the Receipt Export Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
  - c. We inspected the Receipt Export Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior audit documentation, we observed the following loan was outstanding as of December 31, 2016. These amounts agreed to the Townships January 1, 2017 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2016:
Case Road Grader Loan	\$22,784

2. We inquired of management, and inspected the Receipt Export Report and Payment Export Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.

**Debt (Continued)**

3. We obtained a summary of loan and lease debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to the General, Gasoline Tax, Road and Bridge, and Road District funds reported in the Payment Export Report. We also compared the date the debt service payments were due to the date the Township made the payments. We found three exceptions. We noted the Case Road Grader Loan principal and interest payments did not agree to the amortization schedule in 2017. The Township recorded \$10,352.82 for principal and \$1,300.14 for interest, but the amortization schedule was \$11,076.54 for principal and \$576.42 for interest. In 2018, we also noted the principal and interest amounts for the mower loan were posted to the wrong line items in the General Fund and the Road & Bridge Fund, with the General Fund payments posted to the General Government disbursement line item and the Road & Bridge Fund payments posted to the Public Works disbursement line item. Finally, we noted the mower loan September 2018 principal and interest payment did not agree to the amortization schedule. The Township recorded \$361.19 for principal and \$185.08 for interest, but the amortization schedule was \$400.51 for principal and \$145.76 for interest.
  
4. For new debt issued during 2018 we inspected the debt legislation, which stated the Township must use the proceeds to purchase a mower and lease a tractor. We inspected the purchase order and invoice and observed the Township purchased a tractor in February 2018 and a mower in April 2018.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the minute record or required by statute. We also confirmed the payment was posted to the proper year. We found no exceptions.
  
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2018. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2019	January 25, 2019	\$872.02	\$872.02
State income taxes	January 31, 2019	January 25, 2019	\$168.50	\$168.50
OPERS retirement	January 30, 2019	January 25, 2019	\$2,202.94	\$2,202.94

### **Payroll Cash Disbursements (Continued)**

3. We inquired of management and inspected the Payment Export Report for the years ended December 31, 2018 and 2017 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums. Insurance reimbursements made were in compliance with ORC 505.60 and 505.601 and federal regulations.

### **Non-Payroll Cash Disbursements**

We haphazardly selected ten disbursements from the Payment Export Report for the year ended December 31, 2018 and ten from the year ended 2017 and determined whether:

- a. The disbursements were for a proper public purpose. We found no exceptions.
- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Export Report and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found one instance where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

### **Compliance – Budgetary**

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Motor Vehicle License Tax and Road and Bridge funds for the years ended December 31, 2018 and 2017. The amounts agreed.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Motor Vehicle License Tax and Road and Bridge funds, the Trustees appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2018 and 2017 for the following funds: General, Motor Vehicle License Tax and Road and Bridge. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Status Report. For 2018, appropriations per the Appropriation Status Report were lower than the Board approved Appropriation Resolution by \$3,211 in the General Fund, \$940 in the Motor Vehicle License Tax Fund, and \$3,683 in the Road & Bridge. For 2017, appropriations per the Appropriation Status Report were higher than the Board approved Appropriation Resolution by \$12,600 in the General Fund, and lower by \$364 in the Motor Vehicle License Tax Fund and \$6,201 in the Road & Bridge Fund.

#### **Compliance – Budgetary (Continued)**

4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations approved by the Board to total certified resources for the General, Motor Vehicle License Tax and Road and Bridge funds for the years ended December 31, 2018 and 2017. General Fund appropriations for 2017 exceeded certified resources by \$12,600, contrary to Ohio Rev. Code Section 5705.39. The Trustees should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Township to incur fund balance deficits.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures as recorded in the Appropriation Status Report to total appropriations approved by the Board for the years ended December 31, 2018 and 2017 for the General, Motor Vehicle License Tax and Road and Bridge. There were no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Township received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2018 and 2017 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Township did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. No funds had a negative cash fund balances.

#### **Compliance – Contracts & Expenditures**

We inquired of management and inspected the Payment Export Report for the years ended December 31, 2018 and 2017 to determine if the township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct township roads (cost of project \$5,000-\$15,000/per mile) for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

### Other Compliance

Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system. There were no exceptions.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of the Township's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

April 22, 2019



# OHIO AUDITOR OF STATE KEITH FABER



**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 23, 2019**