



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Ripley Township
Huron County
885 Plymouth East Road
Plymouth, Ohio 44865

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees (the Board) and the management of Ripley Township, Huron County, Ohio (the Township) on the receipts, disbursements and balances recorded in the Township's cash basis accounting records for the years ended December 31, 2016 and 2015 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, 2016 and 2015 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 and Investments

1. We recalculated the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Fund Ledger Report to documentation in the prior year agreed-upon procedures working papers. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2015 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and December 31, 2015 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2016 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balance to the amount appearing in the December 31, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 bank reconciliation:

Cash and Investments (Continued)

- 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 Report, to determine the debits were dated prior to December 31. There were no exceptions.
6. We inspected the Fund Status Report to determine whether the Findings For Adjustment identified in the prior agreed-upon procedures report, due from the General Fund, payable to the Road and Bridge Fund, were properly posted to the Fund Status Report. We found no exceptions.
 7. We inspected investments held at December 31, 2016 and December 31, 2015 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental, and Other Confirmable Cash Receipts

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the *Statement*) for 2016 and one from 2015:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We inspected the Receipt Register 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 Register 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 Register Report to determine whether it included two real estate tax receipts for 2016 and 2015. The Receipt Register Report included the proper number of tax receipts for each year.
3. We haphazardly selected all receipts from the State Distribution Transaction Lists (DTL) from 2016. We noted that all 2015 DTL receipts were voided and subsequently reissued in 2016, except for the 2015 first half rollbacks check in the amount of \$4,839. The Fiscal Officer should investigate this matter and request the payment be reissued in the appropriate amount. We also haphazardly selected five receipts from the Huron County Local Government Confirmation from 2016 and five from 2015.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to determine that these receipts were allocated to the proper funds. We found no exceptions.

Property Taxes, Intergovernmental, and Other Confirmable Cash Receipts (Continued)

- c. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.
- 4. We confirmed the amounts paid from the Ohio Public Works Commission (the Commission) directly to vendors on behalf of the Township during 2015 with the Commission. We inspected the Receipt Register Report and Appropriation Ledger Report and noted the Fiscal Officer did not record this activity. In order to properly reflect the benefit received from the on behalf of activity, intergovernmental receipts and capital outlay disbursements in the amount of \$167,185 should have been recorded in the Public Works Commission Project – Issue 2 Fund. There is no effect on ending fund balance, so no adjustments to the accounting system are necessary.

Debt

- 1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2014. This did not agree to the January 1, 2015 balance on the summary we used in step 3, which listed the following outstanding debt:

Issue	Principal outstanding as of December 31, 2014:
Tractor Lease	\$5,000
Truck Lease	74,470

- 2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt payments agreed to the summary we used in step 3.
- 3. We obtained a summary of lease and loan debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedule and/or invoices to Gasoline Tax Fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.
- 4. We inspected the Receipt Register Report and Appropriation Ledger Report and noted the Fiscal Officer did not record Ohio Public Works Commission loan activity paid directly to the vendors on behalf of the Township. In order to properly reflect the benefit received from the on behalf of activity, loan proceeds receipts and capital outlay disbursements in the amount of \$1,676 should have been recorded in the Public Works Commission Project – Issue 2 Fund. There is no effect on ending fund balance, so no adjustments to the accounting system are necessary.
- 5. For new debt issued during 2015, we inspected the debt legislation, which stated the Township must use the proceeds for improvements to Old State Road. We inspected the Ohio Public Works Commission's Projects Disbursements page and noted on-behalf disbursements in December of 2015 for the Old State Road improvement project made by the Ohio Public Works Commission directly to the vendor on behalf of the Township.

Payroll Cash Disbursements

- 1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 from the Employee Detail Adjustment Report and:

Payroll Cash Disbursements (Continued)

- a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found one instance where the Fiscal Officer was paid \$53 more than her allowable salary based on the Township's budget per Ohio Rev. Code Section 507.09(A). We brought this to management's attention. Because we did not test all payroll disbursements, our report provides no assurance whether or not other similar errors occurred. We recommend the Board monitor payments to help ensure they are paid at the proper amounts.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the Manual Payroll Register. We found no exceptions.
 - c. We inspected the fund and account code to which the check was posted to determine the posting was reasonable based on the employee's duties as documented in the minute record or as 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, 2016 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 2016. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Medicare	January 31, 2017	December 28, 2016	\$1,256	\$1,256
State income taxes	January 17, 2017	December 28, 2016	105	105
School District Income Tax	January 31, 2017	December 28, 2016	2	2
OPERS retirement	January 30, 2017	December 28, 2016	884	884

As indicated above, as of the date of this report, the Township has not withheld federal income tax as required by 26 U.S. Code Section 3402. The Auditor of State will notify the IRS of this matter.

3. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2016 and 2015 to determine if Township employees and/or Board members were reimbursed for out-of-pocket insurance premiums. No such reimbursements occurred.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2016 and ten from the year ended December 31, 2015 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 Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.

Non-Payroll Cash Disbursements (Continued)

- 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 two instances 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* (the *Certificate*), 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 Gasoline Tax funds for the years ended December 31, 2016 and 2015. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General and Gasoline Tax funds in 2016 and the General Fund in 2015. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$95,828 in 2016, for the Gasoline Tax Fund of \$89,521 in 2016, and for the General Fund of \$66,333 in 2015. However, the *Certificate* reflected \$103,656, \$86,000, and \$66,393, respectively. The Fiscal Officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Certificate* to assure they agree. If the amounts do not agree, the Board may be using inaccurate information for budgeting and monitoring purposes.
2. We inspected the appropriation measures adopted for 2016 and 2015 to determine whether, for the General, Motor Vehicle License Tax, and Gasoline Tax funds, the Board 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 2016 and 2015 for the following funds: General, Motor Vehicle License Tax, and Gasoline Tax. The amounts on the appropriation measure agreed to the amounts recorded in the Appropriation Status Report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Motor Vehicle License Tax, and Gasoline Tax funds for the years ended December 31, 2016 and 2015. There were no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2016 and 2015 for the General, Motor Vehicle License Tax, and Gasoline Tax funds, as recorded in the Appropriation Status Report. There were no funds for which expenditures exceeded appropriations.

Compliance – Budgetary (Continued)

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report and Ohio Public Works Commission project disbursements confirmation for evidence of new restricted receipts requiring a new fund during the years ended December 31, 2016 and 2015. We also inquired of management regarding whether the Township received new restricted receipts. We noted the Township was the beneficiary of Ohio Public Works Commission grant and loan activity. The Fiscal Officer failed to account for the on behalf of activity, including establishment of the Public Works Commission Project – Issue 2 Fund. We recommend the Township adhere to the guidance prescribed by Auditor of State Bulletin 2002-004 for future Issue II projects, including establishment of a capital projects fund to account for Issue II project activity. There is no effect on ending fund balances, so no adjustments to the accounting system are necessary.
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 of 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 2016 and 2015 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers 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 and Court of Common Pleas.
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, 2016 and 2015 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. We noted no fund having a negative cash fund balance.

Compliance – Contracts and Expenditures

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2016 and 2015 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. The Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the HINKLE System for December 31, 2017 and 2016 fiscal year ends included in the 2015-2016 or 2016-2017 agreed upon procedure engagements, subsequent to the Township's deadline where the initial filing was filed on time but incomplete. We confirmed the Township filed its

complete financial statements, as defined by AOS Bulletin 2015-007, within the allotted timeframe for the years ended December 31, 2016 and 2015 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 for the use of the Township to assist in evaluating its receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances and are 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

October 12, 2017

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RIPLEY TOWNSHIP

HURON 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
NOVEMBER 9, 2017