



**Auditor of State  
Betty Montgomery**



**RIDGE TOWNSHIP  
VAN WERT COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2003 .....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Enterprise Fund - For the Year Ended December 31, 2003 .....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002 .....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Enterprise Fund - For the Year Ended December 31, 2002 .....	6
Notes to the Financial Statements .....	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings .....	13

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## Auditor of State Betty Montgomery

### REPORT OF INDEPENDENT ACCOUNTANTS

Ridge Township  
Van Wert County  
11625 Reidenbach Road  
Van Wert, Ohio 45891

To the Board of Trustees:

We have audited the accompanying financial statements of Ridge Township (the Township) as of and for the years ended December 31, 2003 and December 31, 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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. The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides 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, 2003 and December 31, 2002, 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 August 6, 2004, 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 audit.

This report is intended solely for the information and use of the management and the Board 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 6, 2004

**RIDGE TOWNSHIP  
VAN WERT COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$28,699	\$60,504	\$89,203
Intergovernmental	103,006	82,753	185,759
Licenses, Permits, and Fees	450	15,094	15,544
Earnings on Investments	3,004	46	3,050
Other Revenue		4,672	4,672
	<u>135,159</u>	<u>163,069</u>	<u>298,228</u>
<b>Total Cash Receipts</b>			
	<u>135,159</u>	<u>163,069</u>	<u>298,228</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	102,657		102,657
Public Safety		37,737	37,737
Public Works		80,397	80,397
Health	14,123	24,335	38,458
Capital Outlay		20,573	20,573
	<u>116,780</u>	<u>163,042</u>	<u>279,822</u>
<b>Total Cash Disbursements</b>			
	<u>116,780</u>	<u>163,042</u>	<u>279,822</u>
<b>Total Receipts Over Disbursements</b>	18,379	27	18,406
<b>Fund Cash Balances, January 1</b>	<u>55,958</u>	<u>68,070</u>	<u>124,028</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$74,337</u></u>	<u><u>\$68,097</u></u>	<u><u>\$142,434</u></u>

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

**RIDGE TOWNSHIP  
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Enterprise Fund</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$472,405</u>
<b>Operating Cash Disbursements:</b>	
Current:	
Salaries	144,633
Employee benefits	82,830
Purchased Services	144,946
Supplies and Materials	40,845
Other	21,930
Capital Outlay	<u>37,960</u>
Total Operating Cash Disbursements	<u>473,144</u>
Operating (Loss)	(739)
Fund Cash Balance, January 1	<u>169,857</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$169,118</u></u>

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

**RIDGE TOWNSHIP  
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<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	\$28,134	\$62,594		\$90,728
Intergovernmental	80,940	77,558	27,435	185,933
Licenses, Permits, and Fees	611	19,320		19,931
Earnings on Investments	3,320	168		3,488
Other Revenue		7,121		7,121
				<hr/>
Total Cash Receipts	<u>113,005</u>	<u>166,761</u>	<u>27,435</u>	<u>307,201</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	92,280			92,280
Public Safety		37,799		37,799
Public Works		95,572		95,572
Health	13,877	19,427		33,304
Capital Outlay	160	1,112	27,435	28,707
				<hr/>
Total Cash Disbursements	<u>106,317</u>	<u>153,910</u>	<u>27,435</u>	<u>287,662</u>
Total Receipts Over Disbursements	6,688	12,851		19,539
Fund Cash Balances, January 1	<u>49,270</u>	<u>55,219</u>	<u>0</u>	<u>104,489</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$55,958</u></u>	<u><u>\$68,070</u></u>	<u><u>\$0</u></u>	<u><u>\$124,028</u></u>

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

**RIDGE TOWNSHIP  
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Enterprise Fund</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$434,344</u>
<b>Operating Cash Disbursements:</b>	
Current:	
Salaries	123,206
Employee benefits	65,822
Purchased Services	107,037
Supplies and Materials	39,065
Other	9,795
Capital Outlay	<u>32,087</u>
Total Operating Cash Disbursements	<u>377,012</u>
Operating Income	57,332
<b>Non-Operating Cash Receipts:</b>	
Miscellaneous Receipts	<u>10,523</u>
Excess of Receipts Over Disbursements	67,855
Fund Cash Balance, January 1	<u>102,002</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$169,857</u></u>
Reserve for Encumbrances, December 31	<u><u>\$6,500</u></u>

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

**RIDGE TOWNSHIP  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Ridge Township, Van Wert County, (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Village of Middlepoint to provide fire services and Brickner's Ambulance Service, to provide ambulance services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Cash deposits are valued at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Project Fund:

**RIDGE TOWNSHIP  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**Issue II Fund (2002)** - The Township received a grant from Ohio Public Works Commission for the 2002 road project.

**4. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Township had the following significant Enterprise Fund:

Quarry Fund – This fund receives revenue from the sale of stone cultivated at the quarry.

**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 individual 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 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**RIDGE TOWNSHIP  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2003	2002
Demand deposits	\$311,552	\$293,885

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$137,599	\$135,159	(\$2,440)
Special Revenue	169,090	163,069	(6,021)
Enterprise	484,500	472,405	(12,095)
Total	\$791,189	\$770,633	(\$20,556)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$151,999	\$116,780	\$35,219
Special Revenue	204,757	163,042	41,715
Enterprise	547,700	473,144	74,556
Total	\$904,456	\$752,966	\$151,490

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,590	\$113,005	\$12,415
Special Revenue	161,291	166,761	5,470
Capital Projects	27,435	27,435	0
Enterprise	414,000	444,867	30,867
Total	\$703,316	\$752,068	\$48,752

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$140,238	\$106,317	\$33,921
Special Revenue	193,889	153,910	39,979
Capital Projects	27,435	27,435	0
Enterprise	515,960	383,512	132,448
Total	\$877,522	\$671,174	\$206,348

**RIDGE TOWNSHIP  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 payment, 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 Township.

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.

**5. RETIREMENT SYSTEMS**

The Township's certified 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 2003 and 2002, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**7. SUBSEQUENT EVENTS**

During July 2004, the Township obtained a loan for \$95,000 at 4% interest for a period of four years to purchase a loader for the quarry.



## Auditor of State Betty Montgomery

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

Ridge Township  
Van Wert County  
11625 Reidenbach Road  
Van Wert, Ohio 45891

To the Board of Trustees:

We have audited the financial statements of Ridge Township, Van Wert County (the Township), as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated August 6, 2004 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, and contracts, 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 audit 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 2003-001 to 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 6, 2004.

#### Internal Control Over Financial Reporting

In planning and performing our audit, 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated August 6, 2004.

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Ridge Township  
Van Wert County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 6, 2004

**RIDGE TOWNSHIP  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2003-001**

**Finding for Recovery**

**Ohio Rev. Code Section 505.60 (A)** states as provided in this Section and Section 505.601 of the Revised Code, the board of township trustees of any township may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. Section 505.60 (C) outlines the provision of group coverage and allowable reimbursements should an officer or employee be denied coverage or elect not to participate in the group health care plan. Section 505.601 outlines provisions for providing reimbursements for premiums if a board of township trustees does not procure an insurance policy or group health care services as provided in Section 505.60 of the Revised Code. Section 505.601 (B) states that a resolution must provide for a uniform maximum monthly or yearly payment amount for each officer or employee, beyond which the township will not reimburse the officer or employee.

Ridge Township did not procure insurance but chose to reimburse premiums pursuant to Ohio Rev. Code Section 505.601. The Township passed a resolution on February 20, 1998 to pay a maximum of \$12,000 per person per year towards health insurance premiums. The Township passed a subsequent resolution raising the maximum to \$15,000 during October 2000 and later removed the maximum amount. **Ohio Const. Art. II, Section 20** prohibits public officials from receiving increases in compensation in the middle of a term of office. An increase or elimination of the premium cap for insurance is considered an increase in compensation.

Roger Overholt, Clerk-Treasurer, term of office is April 1, 2000 through March 31, 2004, and is therefore subject to the \$12,000 maximum set by the Township on February 20, 1998 prior to the commencement of his term of office. During 2003, the Township paid \$12,718 for health care premiums, which exceeded the cap by \$718.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Roger Overholt, Clerk-Treasurer, and the Personal Service Insurance Company, his bonding company, jointly and severally, in the amount of \$718 in favor of the General Fund. This amount was repaid to the Township on August 24, 2004.

**FINDING NUMBER 2003-002**

**Ohio Rev. Code Section 5705.41(D)** states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certificate should be considered null and void. If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000 (\$3,000 after April 7, 2003), the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

12% of the transactions tested were not properly certified during the audit period. The transactions were in the amount of \$23,955. In addition, then and now certifications were not made for these transactions tested.

The Township should review Ohio Rev. Code Section 5705.41(D) and implement procedures for certification of funds.



**Auditor of State  
Betty Montgomery**

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**RIDGE TOWNSHIP**

**VAN WERT 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 4, 2004**