RIDGE TOWNSHIP
WYANDOT COUNTY
Regular Audit
For the Years Ended December 31, 2018 and 2017

www.perrycpas.com
We have reviewed the Independent Auditor’s Report of Ridge Township, Wyandot County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Ridge Township is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 28, 2020
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<table>
<thead>
<tr>
<th>TITLE</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
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INDEPENDENT AUDITOR’S REPORT

November 27, 2019

Ridge Township
Wyandot County
3154 Township Highway 95
Carey, Ohio 43316

To the Board of Trustees:

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 Ridge Township, Wyandot County, (the Township) as of and for the years ended December 31, 2018 and 2017.

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 Township’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 Township’s internal control. Accordingly, we express no such 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 2 of the financial statements, the Township 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 Township 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 Township as of December 31, 2018 and 2017, or changes in financial position 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 cash balances, receipts and disbursements by fund type, and related notes of Ridge Township, Wyandot County as of December 31, 2018 and 2017, and 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2019, 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 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 Township’s internal control over financial reporting and compliance.

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio
## For the Year Ended December 31, 2018

### Cash Receipts

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Special Revenue</th>
<th>Totals (Memorandum Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and Other Local Taxes</td>
<td>$13,901</td>
<td>$12,455</td>
<td>$26,356</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>17,606</td>
<td>106,066</td>
<td>123,672</td>
</tr>
<tr>
<td>Earnings on Investments</td>
<td>534</td>
<td>1,374</td>
<td>1,908</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,175</td>
<td>10,573</td>
<td>11,748</td>
</tr>
<tr>
<td><strong>Total Cash Receipts</strong></td>
<td>33,216</td>
<td>130,468</td>
<td>163,684</td>
</tr>
</tbody>
</table>

### Cash Disbursements

#### Current:

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Special Revenue</th>
<th>Totals (Memorandum Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>23,435</td>
<td>-</td>
<td>23,435</td>
</tr>
<tr>
<td>Public Safety</td>
<td>2,971</td>
<td>10,055</td>
<td>13,026</td>
</tr>
<tr>
<td>Public Works</td>
<td>375</td>
<td>67,675</td>
<td>68,050</td>
</tr>
<tr>
<td>Health</td>
<td>2,656</td>
<td>-</td>
<td>2,656</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>411</td>
<td>411</td>
</tr>
<tr>
<td><strong>Total Cash Disbursements</strong></td>
<td>29,437</td>
<td>78,141</td>
<td>107,578</td>
</tr>
</tbody>
</table>

### Net Change in Fund Cash Balances

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Special Revenue</th>
<th>Totals (Memorandum Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,779</td>
<td>52,327</td>
<td>56,106</td>
<td></td>
</tr>
</tbody>
</table>

### Fund Cash Balances, January 1

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Special Revenue</th>
<th>Totals (Memorandum Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,118</td>
<td>138,790</td>
<td>149,908</td>
<td></td>
</tr>
</tbody>
</table>

### Fund Cash Balances, December 31

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Special Revenue</th>
<th>Totals (Memorandum Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted</td>
<td>-</td>
<td>191,117</td>
<td>191,117</td>
</tr>
<tr>
<td>Assigned</td>
<td>14,897</td>
<td>-</td>
<td>14,897</td>
</tr>
<tr>
<td><strong>Fund Cash Balances, December 31</strong></td>
<td>$14,897</td>
<td>$191,117</td>
<td>$206,014</td>
</tr>
</tbody>
</table>

The notes to the financial statements are an integral part of this statement.
RIDGE TOWNSHIP
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Ridge Township, Wyandot County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance. The Township contracts with the Village of Carey, Ohio and the VanLue Fire Department to provide fire and emergency medical services.

Public Entity Risk Pools

The Township belongs to the Ohio Plan’s Risk Management, Inc. (The Plan), an unincorporated non-profit association providing formalized, jointly administered self-insurance risk management plan. Member governments pay annual contributions to fund the Plan. The Plan pays judgements, settlements and other expenses resulting from covered claims exceeding the member’s deductible. The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 Township had the following significant Special Revenue Funds:

Gasoline Tax Fund The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Basis of Accounting

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.
Note 2 – Summary of Significant Accounting Policies (Continued)

**Budgetary Process**

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

**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. Unencumbered appropriations lapse at year-end.

**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.

**Encumbrances** The Ohio Revised Code requires the Township 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 2018 budgetary activity appears in Note 4.

**Deposits and Investments**

The Township’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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

**Capital Assets**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**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.

**Fund Balance**

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

- **Nonspendable** The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

- **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.
Note 2 – Summary of Significant Accounting Policies (Continued)

**Fund Balance (Continued)**

**Committed** Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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.

**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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**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 Township 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.

**Note 3 – Compliance**

Contrary to Ohio law, appropriations exceeded estimated resources in the Motor Vehicle License fund and Road and Bridge fund by $15,142 and $3,079, respectively for the year ended December 31, 2018.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending follows:

<table>
<thead>
<tr>
<th>2018 Budgeted vs. Actual Receipts</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Type</td>
<td>Budgeted Receipts</td>
</tr>
<tr>
<td>General</td>
<td>$ 30,240</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>117,800</td>
</tr>
<tr>
<td>Total</td>
<td>$ 148,040</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2018 Budgeted vs. Actual Budgetary Basis Expenditures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Type</td>
<td>Appropriation Authority</td>
</tr>
<tr>
<td>General</td>
<td>$ 38,562</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>253,138</td>
</tr>
<tr>
<td>Total</td>
<td>$ 291,700</td>
</tr>
</tbody>
</table>
Note 5 – Deposits and Investments

The Township maintains a deposit and investment 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:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand deposits</td>
<td>$107,154</td>
</tr>
<tr>
<td>Total deposits</td>
<td>107,154</td>
</tr>
<tr>
<td>STAR Ohio</td>
<td>98,860</td>
</tr>
<tr>
<td>Total investments</td>
<td>98,860</td>
</tr>
<tr>
<td>Total deposits and investments</td>
<td>$206,014</td>
</tr>
</tbody>
</table>

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

**Investments**

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 6 – Property Taxes

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

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

Note 7 – Risk Management

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate of $100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions;
- Bonds for elected officials.
Note 7 – Risk Management (Continued)

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first $250,000 casualty treaty and 30% of the first $1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first $250,000 casualty treaty and 30% of the first $1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first $250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

<table>
<thead>
<tr>
<th></th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>15,065,412</td>
</tr>
<tr>
<td>Liabilities</td>
<td>(10,734,623)</td>
</tr>
<tr>
<td>Members’ Equity</td>
<td>4,330,789</td>
</tr>
</tbody>
</table>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans’ benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2018.
Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.
RIDGE TOWNSHIP
WYANDOT COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Cash Receipts</th>
<th>General</th>
<th>Special Revenue</th>
<th>Totals (Memorandum Only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and Other Local Taxes</td>
<td>$ 14,824</td>
<td>$ 11,793</td>
<td>$ 26,617</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>16,387</td>
<td>82,275</td>
<td>98,662</td>
</tr>
<tr>
<td>Earnings on Investments</td>
<td>289</td>
<td>743</td>
<td>1,032</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,729</td>
<td>14,612</td>
<td>16,341</td>
</tr>
<tr>
<td><strong>Total Cash Receipts</strong></td>
<td>33,229</td>
<td>109,423</td>
<td>142,652</td>
</tr>
</tbody>
</table>

Cash Disbursements

| Current:                       |         |                |                           |
| General Government            | 33,137  | -              | 33,137                   |
| Public Safety                 | 1,533   | 3,160          | 4,693                    |
| Public Works                  | 235     | 96,557         | 96,792                   |
| Health                        | 2,437   | -              | 2,437                    |
| Capital Outlay                | -       | 954            | 954                      |
| **Total Cash Disbursements**  | 37,342  | 100,671        | 138,013                  |

Net Change in Fund Cash Balances

|                                |         |                |                           |
| **Net Change in Fund Cash Balances** | (4,113) | 8,752          | 4,639                    |

Fund Cash Balances, January 1

|                                |         |                |                           |
| **Fund Cash Balances, January 1** | 15,231  | 130,038        | 145,269                  |

Fund Cash Balances, December 31

|                                |         |                |                           |
| **Fund Cash Balances, December 31** | $ 11,118 | $ 138,790 | $ 149,908 |

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

10
Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Ridge Township, Wyandot County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance. The Township contracts with the Village of Carey, Ohio and the VanLue Fire Department to provide fire and emergency medical services.

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Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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- Gasoline Tax Fund The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Basis of Accounting

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.
Note 2 – Summary of Significant Accounting Policies (Continued)

**Budgetary Process**

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

**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. Unencumbered appropriations lapse at year-end.

**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.

**Encumbrances** The Ohio Revised Code requires the Township 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 2017 budgetary activity appears in Note 3.

**Deposits and Investments**

The Township’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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

**Capital Assets**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**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.

**Fund Balance**

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

**Nonspendable** The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**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.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

**Committed** Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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.

**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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**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 Township 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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending follows:

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Budgeted Receipts</th>
<th>Actual Receipts</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>$ 29,020</td>
<td>$ 33,229</td>
<td>$ 4,209</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>117,800</td>
<td>109,423</td>
<td>(8,377)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 146,820</strong></td>
<td><strong>$ 142,652</strong></td>
<td><strong>(4,168)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Appropriation Authority</th>
<th>Budgetary Expenditures</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>$ 43,264</td>
<td>$ 39,688</td>
<td>$ 3,576</td>
</tr>
<tr>
<td>Special Revenue</td>
<td>240,298</td>
<td>104,123</td>
<td>136,175</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 283,562</strong></td>
<td><strong>$ 143,811</strong></td>
<td><strong>$ 139,751</strong></td>
</tr>
</tbody>
</table>
Note 4 – Deposits and Investments

The Township maintains a deposit and investment 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:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand deposits</td>
<td>$52,956</td>
</tr>
<tr>
<td>Total deposits</td>
<td>52,956</td>
</tr>
<tr>
<td>STAR Ohio</td>
<td>96,952</td>
</tr>
<tr>
<td>Total investments</td>
<td>96,952</td>
</tr>
<tr>
<td>Total deposits and investments</td>
<td>$149,908</td>
</tr>
</tbody>
</table>

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

**Investments**

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Property Taxes

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

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

Note 6 – Risk Management

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate of $100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions.
- Bonds for elected officials
Note 6 – Risk Management (Continued)

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first $250,000 casualty treaty and 30% of the first $1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first $250,000 casualty treaty and 30% of the first $1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>$14,853,620</td>
</tr>
<tr>
<td>Liabilities</td>
<td>(9,561,108)</td>
</tr>
<tr>
<td>Members' Equity</td>
<td>$ 5,292,512</td>
</tr>
</tbody>
</table>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans’ benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2017.
Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 1 percent during calendar year 2017.
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS

November 27, 2019

Ridge Township
Wyandot County
3154 Township Highway 95
Carey, Ohio 43316

To the Board of Trustees:

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 Ridge Township, Wyandot County, (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated November 27, 2019, wherein we noted the Township 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 Township’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 Township’s internal control. Accordingly, we have not opined on it.

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 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 Township’s financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

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Compliance and Other Matters

As part of reasonably assuring whether the Township’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 instances of noncompliance or other matters we must report under Government Auditing Standards which are described in the accompanying schedule of audit findings as items 2018-002 through 2018-004.

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 Township’s internal control or on compliance. This report is an integral part of an audit performed under Government Auditing Standards in considering the Township’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio
FINDING NUMBER 2018-001

Material Weakness

Posting Receipts and Fund Classifications

The Township should have procedures and controls in place to help prevent and detect errors in financial reporting. Fund types should be properly classified based on Governmental Accounting Standards Statement No. 54.

Receipts and fund balances were not always posted correctly. The following posting errors were noted:

- Budget carryover amounts in the General Fund were classified as Unassigned instead of Assigned fund balance in 2018 and 2017;
- Homestead and rollback receipts received from the State were posted to Property and Other Local Taxes instead of Intergovernmental in 2018 and 2017;

Not posting receipts accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications. Additional errors noted in immaterial amounts, both individually and in the aggregate by fund type, were included on the summary of unadjusted differences.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt accounts and posting of receipts. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for guidance on fund classifications.

Management’s Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2018-002

Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision’s fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.
FINDING NUMBER 2018-002 (Continued)

Noncompliance (Continued)

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. “Then and Now” certificate - If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts of less than $3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 82% of the expenditures tested for 2018 and for 89% of the expenditures tested for 2017.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, “then and now” certification should be used.

Management’s Response – We did not receive a response from officials to this finding.
FINDING NUMBER 2018-003

Noncompliance

26 U.S.C. Section 3402 requires every employer, including the state and its political subdivisions making payments of any compensation to an employee who is a taxpayer, to deduct and withhold from such compensation for each payroll period a tax substantially equivalent to the tax reasonably estimated to be due under this chapter with respect to the amount of such compensation included in his adjusted gross income during the calendar year.

The Fiscal Officer did not submit the Form 941 quarterly reports as required by the IRS for any of the four quarters of 2018 and 2017. This resulted in the Township owing the IRS approximately $1,651 and 1,647 in 2018 and 2017.

The Township will be required to pay penalties and interest to the Internal Revenue Service due to delayed remittance of withholding taxes.

We recommend the Fiscal Officer remit the required amounts and file the required reports when completing the last payroll of each quarter to avoid accrual of interest and penalties.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2018-004

Noncompliance

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Township to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During 2018, total appropriations exceeded total estimated resources during the year for the Motor Vehicle License fund and Road and Bridge fund by $15,142 and $3,079, respectively due to the timing of the supplemental appropriation measure and the date of the increased amended certificate of estimated resources.

The Fiscal Officer and Board should monitor appropriations versus estimated resources to help avoid overspending.

Management's Response – We did not receive a response from officials to this finding.
<table>
<thead>
<tr>
<th>Finding Number</th>
<th>Finding Summary</th>
<th>Status</th>
<th>Additional Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016-001</td>
<td>Ohio Revised Code §505.24(C) – Payroll certifications</td>
<td>Corrected</td>
<td>N/A</td>
</tr>
<tr>
<td>2016-002</td>
<td>Ohio Revised Code §5705.41(D)</td>
<td>Not Corrected</td>
<td>Repeated as Finding 2018-002</td>
</tr>
<tr>
<td>2016-003</td>
<td>26 U.S.C. Section 3402 – failure to remit federal taxes</td>
<td>Not Corrected</td>
<td>Repeated as Finding 2018-003</td>
</tr>
<tr>
<td></td>
<td>Ohio Revised Code §5747.46 – failure to remit state taxes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
RIDGE TOWNSHIP
WYANDOT 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
FEBRUARY, 11 2020