



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of Ridge Township, Van Wert County, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. 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 generally accepted auditing standards 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. 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 of Ridge Township, Van Wert County, as of December 31, 1999 and December 31, 1998, 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 February 29, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts.

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

Jim Petro
Auditor of State

February 29, 2000

Ridge Township

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$21,797	\$30,473	\$52,270
Intergovernmental	116,122	73,557	189,679
Licenses, Permits, and Fees	605	18,119	18,724
Interest	5,062	108	5,170
Other Revenue		12,466	12,466
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	143,586	134,723	278,309
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	60,944		60,944
Public Safety		14,194	14,194
Public Works	31,436	76,075	107,511
Health	10,621	15,770	26,391
Capital Outlay	8,776	17,600	26,376
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	111,777	123,639	235,416
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	31,809	11,084	42,893
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	24,220	35,994	60,214
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$56,029</u>	<u>\$47,078</u>	<u>\$103,107</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$551,099
Miscellaneous	<u>13</u>
Total Operating Cash Receipts	<u>551,112</u>
Operating Cash Disbursements:	
Current:	
Salaries and Benefits	156,283
Purchased and Contracted Services	231,246
Supplies and Materials	44,977
Capital Outlay	<u>185,882</u>
Total Operating Cash Disbursements	<u>618,388</u>
Operating Income/(Loss)	<u>(67,276)</u>
Non-Operating Cash Receipts/(Disbursements):	
Proceeds from Sales of Property	<u>19,000</u>
Total Non-Operating Cash Receipts/(Disbursements)	<u>19,000</u>
Net Receipts Over/(Under) Disbursements	(48,276)
Fund Cash Balances, January 1	<u>193,474</u>
Fund Cash Balances, December 31	<u><u>\$145,198</u></u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1988**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$21,116	\$30,018		\$51,134
Intergovernmental	77,752	70,941	35,256	183,949
Licenses, Permits, and Fees	720	11,291		12,011
Interest	3,203	257		3,460
Other Revenue		5,833		5,833
	<u>102,791</u>	<u>118,340</u>	<u>35,256</u>	<u>256,387</u>
Cash Disbursements:				
Current:				
General Government	51,551			51,551
Public Safety		13,949		13,949
Public Works		80,774		80,774
Health	10,416	13,820		24,236
Miscellaneous		80		80
Capital Outlay	20,250	18,029	35,256	73,535
	<u>82,217</u>	<u>126,652</u>	<u>35,256</u>	<u>244,125</u>
Total Cash Disbursements				
	<u>82,217</u>	<u>126,652</u>	<u>35,256</u>	<u>244,125</u>
Total Receipts Over/(Under) Disbursements	<u>20,574</u>	<u>(8,312)</u>	<u>0</u>	<u>12,262</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets		3,200		3,200
Transfers-In		827		827
Transfers-Out		(827)		(827)
		<u>3,200</u>		<u>3,200</u>
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>3,200</u>	<u>0</u>	<u>3,200</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	20,574	(5,112)	0	15,462
Fund Cash Balances, January 1	<u>3,646</u>	<u>41,106</u>	<u>0</u>	<u>44,752</u>
Fund Cash Balances, December 31	<u><u>\$24,220</u></u>	<u><u>\$35,994</u></u>	<u><u>\$0</u></u>	<u><u>\$60,214</u></u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$526,688
Services Provided to Other Entities	<u>6,445</u>
Total Operating Cash Receipts	<u>533,133</u>
Operating Cash Disbursements:	
Current:	
Salaries and Benefits	140,961
Purchased and Contracted Services	165,193
Supplies and Materials	46,893
Other Expenses	933
Capital Outlay	<u>44,778</u>
Total Operating Cash Disbursements	<u>398,758</u>
Operating Income/(Loss)	<u>134,375</u>
Non-Operating Cash Receipts/(Disbursements):	
Debt Service:	
Redemption of Principal	7,778
Interest Payments and Financing Fees/Costs	<u>151</u>
Total Non-Operating Cash Receipts/(Disbursements)	<u>7,929</u>
Net Receipts Over/(Under) Disbursements	126,446
Fund Cash Balances, January 1	<u>67,028</u>
Fund Cash Balances, December 31	<u><u>\$193,474</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

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 general governmental services, including road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the City of Van Wert and the Village of Middle Point to provide fire 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

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio for resurfacing Township roads.

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 funds:

Quarry Fund - The Township receives charges for stone and materials and accounts for operating costs.

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.

A summary of 1999 and 1998 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation leave in certain circumstances. Unpaid vacation leave is not reflected as a liability under the basis of accounting used by the Township.

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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$148,305	\$152,112
Certificates of deposit	<u>100,000</u>	<u>101,576</u>
Total deposits	<u>\$248,305</u>	<u>\$253,688</u>

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, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$114,483	\$143,586	\$29,103
Special Revenue	129,258	134,723	5,465
Enterprise	<u>470,000</u>	<u>570,112</u>	<u>100,112</u>
Total	<u>\$713,741</u>	<u>\$848,421</u>	<u>\$134,680</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$108,662	\$111,777	(\$3,115)
Special Revenue	155,425	123,639	31,786
Enterprise	<u>612,000</u>	<u>618,388</u>	<u>(6,388)</u>
Total	<u>\$876,087</u>	<u>\$853,804</u>	<u>\$22,283</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$97,820	\$102,791	\$4,971
Special Revenue	120,765	122,367	1,602
Capital Projects	35,256	35,256	0
Enterprise	415,000	533,133	118,133
Total	<u>\$668,841</u>	<u>\$793,547</u>	<u>\$124,706</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$109,207	\$82,217	\$26,990
Special Revenue	151,845	127,479	24,366
Capital Projects	0	35,256	(35,256)
Enterprise	482,000	406,687	75,313
Total	<u>\$743,052</u>	<u>\$651,639</u>	<u>\$91,413</u>

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.

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 elected officials and other 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 1999 and 1998, PERS members 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, 1999.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public Officials Liability
- Inland Marine

The Township also reimburses the elected officials and full-time employees for health insurance.

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**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, OH 45891

To the Board of Trustees:

We have audited the accompanying financial statements of Ridge Township, Van Wert County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated February 29, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 29, 2000.

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 February 29, 2000.

This report is intended 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.

Jim Petro
Auditor of State

February 29, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
APRIL 6, 2000**