



**Auditor of State  
Betty Montgomery**



**RIDGEVILLE TOWNSHIP  
HENRY COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Ridgeville Township  
Henry County  
P.O. Box 65  
Ridgeville Corners, Ohio 43555-0065

To the Board of Trustees:

We have audited the accompanying financial statements of Ridgeville Township, Henry County, Ohio (the Township) as of and for the years ended December 31, 2002 and 2001. 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 audits.

We conducted our audits 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. 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 the Township as of December 31, 2002 and 2001, 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 28, 2003 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 audit committee, management, 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

February 28, 2003

**RIDGEVILLE TOWNSHIP  
HENRY 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>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$32,756	\$70,670	\$68,009		\$171,435
Intergovernmental	19,354	74,040	6,649	\$70,000	170,043
Charges for Services		57,735			57,735
Licenses, Permits, and Fees		3,918			3,918
Earnings on Investments	1,776	877			2,653
Other Revenue	3,364	16,948			20,312
	<u>57,250</u>	<u>224,188</u>	<u>74,658</u>	<u>70,000</u>	<u>426,096</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	59,827	234			60,061
Public Safety		67,257	1,307		68,564
Public Works	3,742	158,660			162,402
Health	989				989
Debt Service:					
Redemption of Principal		14,592	45,986		60,578
Interest and Fiscal Charges		1,572	9,517		11,089
Capital Outlay		12,455		70,000	82,455
	<u>64,558</u>	<u>254,770</u>	<u>56,810</u>	<u>70,000</u>	<u>446,138</u>
<b>Total Cash Disbursements</b>					
Total Cash Receipts Over/ (Under) Cash Disbursements	(7,308)	(30,582)	17,848		(20,042)
Fund Cash Balances, January 1	116,597	140,543	7,402		264,542
<b>Fund Cash Balances, December 31</b>	<u><b>\$109,289</b></u>	<u><b>\$109,961</b></u>	<u><b>\$25,250</b></u>		<u><b>\$244,500</b></u>

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

**RIDGEVILLE TOWNSHIP  
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Local Taxes	\$32,537	\$69,753	\$70,491		\$172,781
Intergovernmental	76,952	74,841	6,635	\$20,000	178,428
Charges for Services		58,716			58,716
Licenses, Permits, and Fees	1	2,358			2,359
Earnings on Investments	5,499	2,876			8,375
Other Revenue	5,667	5,445			11,112
	<u>120,656</u>	<u>213,989</u>	<u>77,126</u>	<u>20,000</u>	<u>431,771</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	57,308	2,928			60,236
Public Safety		66,039	1,766		67,805
Public Works	3,899	149,806			153,705
Health	1,767				1,767
Debt Service:					
Redemption of Principal		13,864	71,571		85,435
Interest and Fiscal Charges		2,300	13,932		16,232
Capital Outlay				20,000	20,000
	<u>62,974</u>	<u>234,937</u>	<u>87,269</u>	<u>20,000</u>	<u>405,180</u>
Total Cash Receipts Over (Under) Cash Disbursements	57,682	(20,948)	(10,143)		26,591
Fund Cash Balances, January 1	<u>58,915</u>	<u>161,491</u>	<u>17,545</u>		<u>237,951</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$116,597</u></b>	<b><u>\$140,543</u></b>	<b><u>\$7,402</u></b>		<b><u>\$264,542</u></b>

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



**RIDGEVILLE TOWNSHIP  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Ridgeville Township, Henry County, Ohio (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, cemetery maintenance, fire protection and emergency medical 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**

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.

The repurchase agreement is 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 Funds:

*Fire District Fund* - This fund receives property tax and fire contract money for the purpose of maintaining the fire department services, equipment, and vehicles.

**RIDGEVILLE TOWNSHIP  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**3. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

*General Bond Retirement Fund* – This fund receives tax monies for the purpose of repaying debt incurred from the issuance of general obligation bonds.

**4. Capital Project Fund**

This fund is 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:

*Community Development Block Grant Fund* - The Township received CDBG grants from the federal government to repair Township roads and to purchase a new ambulance.

**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 re-appropriated in the subsequent year.

A summary of 2002 and 2001 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.

**RIDGEVILLE TOWNSHIP  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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:

	2002	2001
Demand deposits	\$244,500	\$14,232
Repurchase agreement		250,310
Total deposits and investments	\$244,500	\$264,542

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

**Investments:** Investments subject to repurchase agreements are held by the financial institution which maintains records identifying the Township as owner of these securities under agreement to repurchase.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$64,934	\$57,250	(\$7,684)
Special Revenue	201,948	224,188	22,240
Debt Service	75,014	74,658	(356)
Capital Projects	70,000	70,000	
Total	\$411,896	\$426,096	\$14,200

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$181,531	\$64,558	\$116,973
Special Revenue	342,491	254,770	87,721
Debt Service	82,417	56,810	25,607
Capital Projects	70,000	70,000	
Total	\$676,439	\$446,138	\$230,301

**RIDGEVILLE TOWNSHIP  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$91,713	\$120,656	\$28,943
Special Revenue	210,920	213,988	3,068
Debt Service	79,423	77,126	(2,297)
Capital Projects	20,000	20,000	
Total	<u>\$402,056</u>	<u>\$431,770</u>	<u>\$29,714</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$150,628	\$62,973	\$87,655
Special Revenue	372,411	234,937	137,474
Debt Service	96,968	87,269	9,699
Capital Projects	20,000	20,000	
Total	<u>\$640,007</u>	<u>\$405,179</u>	<u>\$234,828</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.

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. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$141,861	5%
Equipment Lease	15,358	5%
Total	<u>\$157,219</u>	

The general obligation bonds were issued to finance the construction of an addition to the fire hall. The bonds are collateralized solely by the Township's taxing authority. The bond issue matures in

**RIDGEVILLE TOWNSHIP  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

2005. The equipment lease was for a new dump truck and snow-plowing equipment to be used for Township road maintenance. The lease is secured by the truck. The lease ends in 2003 with an option to purchase the truck.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>Equipment Lease</u>	<u>General Obligation Bonds</u>
2003	\$16,165	\$48,430
2004		51,090
2005		42,341
Total	<u>\$16,165</u>	<u>\$141,861</u>

**6. RETIREMENT SYSTEMS**

Employees and officials 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 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**RIDGEVILLE TOWNSHIP  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform to generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained Earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained Earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>



**Auditor of State  
Betty Montgomery**

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

Ridgeville Township  
Henry County  
P.O. Box 65  
Ridgeville Corners, Ohio 43555

To the Board of Trustees:

We have audited the accompanying financial statements of Ridgeville Township, Henry County, Ohio (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated February 28, 2003. We conducted our audits 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, contracts and grants, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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.

This report is intended solely for the information and use of the audit committee, 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

February 28, 2003





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**RIDGEVILLE TOWNSHIP**

**HENRY 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  
MARCH 25, 2003**