



**RIDGE TOWNSHIP  
VAN WERT COUNTY  
Regular Audit  
For the Years Ended December 31, 2017 and 2016**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417





# Dave Yost • Auditor of State

Board of Trustees  
Ridge Township  
10184 Hoaglin Center Road  
Van Wert, OH 45891

We have reviewed the *Independent Auditor's Report* of Ridge Township, Van Wert County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

October 17, 2018

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**RIDGE TOWNSHIP  
VAN WERT COUNTY**

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Certified Public Accountants, A.C.

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## INDEPENDENT AUDITOR'S REPORT

September 21, 2018

Ridge Township  
Van Wert County  
16905 Middle Point Road  
Van Wert, Ohio 45863

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**, Van Wert County, (the Township) as of and for the years ended December 31, 2017 and 2016.

### ***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 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.

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***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, 2017 and 2016, and respective changes in financial position or cash flows 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, Van Wert County as of December 31, 2017 and 2016, 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 September 21, 2018, 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



**RIDGE TOWNSHIP  
VAN WERT 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**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 61,624	\$ 78,065	\$ 6,196	\$ 145,885
Licenses, Permits and Fees	1,924	11,400	-	13,324
Intergovernmental	29,274	121,539	689	151,502
Earnings on Investments	430	13	-	443
Miscellaneous	2,140	7,665	-	9,805
<i>Total Cash Receipts</i>	<u>95,392</u>	<u>218,682</u>	<u>6,885</u>	<u>320,959</u>
<b>Cash Disbursements</b>				
Current:				
General Government	35,806	-	-	35,806
Public Safety	-	34,853	-	34,853
Public Works	-	122,503	-	122,503
Health	20,088	22,693	-	42,781
Other	2,535	3,549	-	6,084
Capital Outlay	-	1,695	-	1,695
Debt Service:				
Principle Retirement	-	11,249	-	11,249
Interest and Fiscal Charges	-	272	-	272
<i>Total Cash Disbursements</i>	<u>58,429</u>	<u>196,814</u>	<u>-</u>	<u>255,243</u>
<i>Net Change in Fund Cash Balances</i>	36,963	21,868	6,885	65,716
<i>Fund Cash Balances, January 1</i>	<u>402,102</u>	<u>80,571</u>	<u>18,707</u>	<u>501,380</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	102,439	25,592	128,031
Unassigned	439,065	-	-	439,065
<i>Fund Cash Balances, December 31</i>	<u>\$ 439,065</u>	<u>\$ 102,439</u>	<u>\$ 25,592</u>	<u>\$ 567,096</u>

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

**RIDGE TOWNSHIP  
VAN WERT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Enterprise Fund</b>
<b>Operating Cash Receipts</b>	
Charges For Services	\$ 1,728,311
Total Operating Cash Receipts	1,728,311
<b>Operating Cash Disbursements</b>	
Salaries	232,542
Employee Fringe Benefits	202,508
Purchased Services	389,538
Supplies and Materials	69,596
Other	29,644
Total Operating Cash Disbursements	923,828
Operating Income	804,483
<b>Non-Operating Receipts (Disbursements)</b>	
Miscellaneous Receipts	18,152
Capital Outlay	(358,090)
Principal Retirement	(356,672)
Interest and Other Fiscal Charges	(24,785)
Other Financing Sources	200,000
Total Non-Operating Receipts (Disbursements)	(521,395)
Net Change in Fund Cash Balance	283,088
Fund Cash Balance, January 1	943,037
Fund Cash Balance, December 31	\$ 1,226,125

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

**RIDGE TOWNSHIP  
VAN WERT COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2017**

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Ridge Township, Van Wert 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Middle Point to provide fire services and to provide ambulance services.

***Public Entity Risk Pool***

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. 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 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:

***Road and Bridge Fund*** This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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

***Cemetery Fund*** This fund receives money from fees charged to users to pay for maintaining the Ridge Township Cemetery.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

***TIF PUP Creek Far Livestock Fund*** This fund receives real estate taxes for the use of repairing roads surrounding the Livestock Barnes.

**RIDGE TOWNSHIP  
VAN WERT COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2017  
(Continued)**

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

***Fund Accounting (Continued)***

***D&K Livestock Fund*** This fund receives real estate taxes for the use of repairing roads surrounding the Livestock Barnes.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges.

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

***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.

***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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

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.

**RIDGE TOWNSHIP  
VAN WERT COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2017  
(Continued)**

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

***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.

***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.

**RIDGE TOWNSHIP  
VAN WERT COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2017  
(Continued)**

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 93,454	\$ 95,392	\$ 1,938
Special Revenue	231,480	218,682	(12,798)
Capital Projects	7,300	6,885	(415)
Enterprise	1,503,000	1,946,463	443,463
Total	\$ 1,835,234	\$ 2,267,422	\$ 432,188

2017 Appropriations vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 78,256	\$ 58,429	\$ 19,827
Special Revenue	291,850	196,814	95,036
Capital Projects	24,000	-	24,000
Enterprise	1,926,911	1,663,375	263,536
Total	\$ 2,321,017	\$ 1,918,618	\$ 402,399

**Note 4 – Deposits**

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2017
Demand deposits	\$ 1,182,253
Other time deposits (savings and NOW accounts)	610,968
Total deposits	\$ 1,793,221

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**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.

Public utilities are also taxed on personal and real property located within the Township.

**RIDGE TOWNSHIP  
VAN WERT COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2017  
(Continued)**

**Note 5 – Property Taxes (Continued)**

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**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does 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 with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

	<b>2017</b>
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township’s share of these unpaid claims collectible in future years is approximately \$9,000.

**RIDGE TOWNSHIP  
VAN WERT COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2017  
(Continued)**

**Note 6 - Risk Management (Continued)**

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<b><u>2017 Contributions to OTARMA</u></b>
\$24,674

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. 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 2.0 percent during calendar year 2016, and 1.0 percent during calendar year 2017.

**Note 9 – Leases**

Leases outstanding at December 31, 2017 was as follows:

The Township leased a Caterpillar Wheel Loader under a Municipal Lease-Purchase Agreement. The total amount financed was payable in 36 monthly payments of \$5,789. at an interest rate of 2.69 percent annually. The first payment was due in 2017 and at the end of the lease the purchase option is \$1. The Township disbursed \$46,312 to pay lease costs for the year ended December 31, 2017.

The Township leased a Cone Crusher/Screen under a Municipal Lease-Purchase Agreement. The total amount financed was payable in 60 monthly payments of \$13,159. at an interest rate of 2.04 percent annually. The first payment was due in 2016 and at the end of the lease the purchase option is \$1. The Township disbursed \$157,907 to pay lease costs for the year ended December 31, 2017.



**RIDGE TOWNSHIP  
VAN WERT COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2017  
(Continued)**

**Note 9 – Leases (Continued)**

The Township leased a Caterpillar 980 Wheel Loader under a Municipal Lease-Purchase Agreement. The total amount financed was payable in 48 monthly payments of \$6,122. at an interest rate of 2.45 percent annually. The first payment was due in 2015 and at the end of the lease the purchase option is \$1. The Township disbursed \$73,460 to pay lease costs for the year ended December 31, 2017.

The Township leased a Powerscreen HX500 Impact Crusher under a Municipal Lease-Purchase Agreement. The total amount financed was payable in five annual payments of \$103,778. at an interest rate of 2.8 percent annually. The first payment was due in 2014 and at the end of the lease the purchase option is \$1. The Township disbursed \$103,778 to pay lease costs for the year ended December 31, 2017.

The Township leased a John Deere Cab Tractor under a Municipal Lease-Purchase Agreement. The total amount financed was payable in three annual payments of \$11,521 at an interest rate of 2.39 percent annually. The first payment was due in 2015 and at the end of the lease the purchase option is \$1. The Township disbursed \$11,521 to pay lease costs for the year ended December 31, 2017.

**Amortization**

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

<u>Year Ending December 31:</u>	<u>Leases</u>
2018	\$ 404,613
2019	270,226
2020	183,063
2021	65,795
Total	<u>\$ 923,697</u>

**Note 10 – Contingent Liabilities**

The Township is defendant in one lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

**RIDGE TOWNSHIP  
VAN WERT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 61,055	\$ 71,060	\$ 6,115	\$ 138,230
Licenses, Permits and Fees	864	12,725	-	13,589
Intergovernmental	29,164	117,700	680	147,544
Earnings on Investments	298	9	-	307
Miscellaneous	1,618	15,166	-	16,784
<i>Total Cash Receipts</i>	<u>92,999</u>	<u>216,660</u>	<u>6,795</u>	<u>316,454</u>
<b>Cash Disbursements</b>				
Current:				
General Government	37,864	-	-	37,864
Public Safety	-	34,692	-	34,692
Public Works	-	172,710	-	172,710
Health	20,043	26,827	-	46,870
Other	2,535	3,549	-	6,084
Debt Service:				
Principle Retirement	-	10,984	-	10,984
Interest and Fiscal Charges	-	537	-	537
<i>Total Cash Disbursements</i>	<u>60,442</u>	<u>249,299</u>	<u>-</u>	<u>309,741</u>
<i>Net Change in Fund Cash Balances</i>	32,557	(32,639)	6,795	6,713
<i>Fund Cash Balances, January 1</i>	<u>369,545</u>	<u>113,210</u>	<u>11,912</u>	<u>494,667</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	80,571	18,707	99,278
Unassigned	402,102	-	-	402,102
<i>Fund Cash Balances, December 31</i>	<u>\$ 402,102</u>	<u>\$ 80,571</u>	<u>\$ 18,707</u>	<u>\$ 501,380</u>

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

**RIDGE TOWNSHIP  
VAN WERT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Enterprise Fund</b>
<b>Operating Cash Receipts</b>	
Charges For Services	\$ 1,513,661
Total Operating Cash Receipts	1,513,661
<b>Operating Cash Disbursements</b>	
Salaries	220,636
Employee Fringe Benefits	200,942
Purchased Services	370,212
Supplies and Materials	70,591
Other	25,817
Total Operating Cash Disbursements	888,198
Operating Income	625,463
<b>Non-Operating Receipts (Disbursements)</b>	
Sale of Capital Assets	6,250
Capital Outlay	(1,057,021)
Principal Retirement	(283,295)
Interest and Other Fiscal Charges	(22,368)
Other Financing Sources	750,000
Total Non-Operating Receipts (Disbursements)	(606,434)
Net Change in Fund Cash Balance	19,029
Fund Cash Balance, January 1	924,008
Fund Cash Balance, December 31	\$ 943,037

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

**RIDGE TOWNSHIP  
VAN WERT COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2016**

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Ridge Township, Van Wert 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Middle Point to provide fire services and to provide ambulance services.

***Public Entity Risk Pool***

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. 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:

***Road and Bridge Fund*** This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

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

***Cemetery Fund*** This fund receives money from fees charged to users to pay for maintaining the Ridge Township Cemetery.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

***TIF PUP Creek Far Livestock Fund*** This fund receives real estate taxes for the use of repairing roads surrounding the Livestock Barnes.

**RIDGE TOWNSHIP  
VAN WERT COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2016  
(Continued)**

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

***Fund Accounting (Continued)***

***D&K Livestock Fund*** This fund receives real estate taxes for the use of repairing roads surrounding the Livestock Barnes.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges.

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

***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.

***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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2016 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.

**RIDGE TOWNSHIP  
VAN WERT COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2016  
(Continued)**

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

***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.

***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.

**RIDGE TOWNSHIP  
VAN WERT COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2016  
(Continued)**

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 82,267	\$ 92,999	\$ 10,732
Special Revenue	223,143	216,660	(6,483)
Capital Projects	7,300	6,795	(505)
Enterprise	1,503,000	2,269,911	766,911
Total	\$ 1,815,710	\$ 2,586,365	\$ 770,655

2016 Appropriations vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 78,206	\$ 60,442	\$ 17,764
Special Revenue	307,300	249,299	58,001
Capital Projects	18,000	-	18,000
Enterprise	1,946,945	2,250,882	(303,937)
Total	\$ 2,350,451	\$ 2,560,623	\$ (210,172)

**Note 4 – Deposits**

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2016
Demand deposits	\$ 833,754
Other time deposits (savings and NOW accounts)	610,663
Total deposits	\$ 1,444,417

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**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.

Public utilities are also taxed on personal and real property located within the Township.

**RIDGE TOWNSHIP  
VAN WERT COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2016  
(Continued)**

**Note 5 – Property Taxes (Continued)**

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**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does 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 with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2016.

	<b>2016</b>
Assets	\$38,473,283
Liabilities	8,244,140
Net Position	\$30,229,143

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township’s share of these unpaid claims collectible in future years is approximately \$11,000.



**RIDGE TOWNSHIP  
VAN WERT COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2016  
(Continued)**

**Note 6 - Risk Management (Continued)**

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<b><u>2016 Contributions to OTARMA</u></b>
\$24,056

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. 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, 2016.

**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 2.0 percent during calendar year 2016.

**Note 9 – Leases**

Leases outstanding at December 31, 2016 was as follows:

The Township leased a Cone Crusher/Screen under a Municipal Lease-Purchase Agreement. The total amount financed was payable in 60 monthly payments of \$13,159. at an interest rate of 2.04 percent annually. The first payment was due in 2016 and at the end of the lease the purchase option is \$1. The Township disbursed \$92,113 to pay lease costs for the year ended December 31, 2016.

The Township leased a Caterpillar 980 Wheel Loader under a Municipal Lease-Purchase Agreement. The total amount financed was payable in 48 monthly payments of \$6,122. at an interest rate of 2.45 percent annually. The first payment was due in 2015 and at the end of the lease the purchase option is \$1. The Township disbursed \$73,459 to pay lease costs for the year ended December 31, 2016.

**RIDGE TOWNSHIP  
VAN WERT COUNTY  
Notes to the Financial Statements  
For the Year Ended December 31, 2016  
(Continued)**

**Note 9 – Leases (Continued)**

The Township leased a Caterpillar 972H Wheel Loader under a Municipal Lease-Purchase Agreement. The total amount financed was payable in five annual payments of \$36,312. at an interest rate of 3.75 percent annually. The first payment was due in 2012 and at the end of the lease the purchase option is \$1. The Township disbursed \$36,312 to pay lease costs for the year ended December 31, 2016.

The Township leased a Powerscreen HX500 Impact Crusher under a Municipal Lease-Purchase Agreement. The total amount financed was payable in five annual payments of \$103,778. at an interest rate of 2.8 percent annually. The first payment was due in 2014 and at the end of the lease the purchase option is \$1. The Township disbursed \$103,778 to pay lease costs for the year ended December 31, 2016.

The Township leased a John Deere Cab Tractor under a Municipal Lease-Purchase Agreement. The total amount financed was payable in three annual payments of \$11,521 at an interest rate of 2.39 percent annually. The first payment was due in 2015 and at the end of the lease the purchase option is \$1. The Township disbursed \$11,521 to pay lease costs for the year ended December 31, 2016.

**Amortization**

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

<u>Year Ending December 31:</u>	<u>Leases</u>
2017	\$ 346,938
2018	335,145
2019	200,759
2020	157,907
2021	65,795
Total	\$ 759,606

**Note 10 – Contingent Liabilities**

The Township is defendant in one lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.



Certified Public Accountants, A.C.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

September 21, 2018

Ridge Township  
Van Wert County  
16905 Middle Point Road  
Van Wert, Ohio 45863

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**, Van Wert County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated September 21, 2018 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 audit findings that we consider a material weakness. We consider finding 2017-001 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

**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 report is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

RIDGE TOWNSHIP  
VAN WERT COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2017-001

**Material Weakness**

**Posting Receipts and Disbursements**

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate.

During 2017 and 2016, receipts and disbursements were not posted to accurate classifications. The following posting errors were noted:

- New Capital Leases were not recorded as a memo transaction in 2016 and 2017. Capital Lease proceeds should have been recorded as Other Financing Sources and the corresponding expenditure should have been recorded as Capital Outlay. In addition, the Township did not budget for the new Capital Lease during 2016.
- Healthcare reimbursements were not properly allocated to the correct funds based on the payroll certifications in 2016 and 2017.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The accompanying financial statements reflect all reclassifications and adjustments.

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

**Management's Response** – We did not receive a response from management to the finding above.

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# Dave Yost • Auditor of State

RIDGE TOWNSHIP

VAN WERT COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
NOVEMBER 8, 2018