



**Auditor of State
Betty Montgomery**

**RIDGE TOWNSHIP
VAN WERT COUNTY**

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VAN WERT COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Ridge Township, Van Wert County, (the Township), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Government because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Ridge Township, as of December 31, 2005 and 2004, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Gasoline Tax, Cemetery, and Fire District West funds for the years ended December 31, 2005 and 2004, in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2005 and 2004, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2006, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Betty Montgomery
Auditor of State

October 4, 2006

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED**

This discussion and analysis of Ridge Township, Van Wert County financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2005 and 2004, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2005 are as follows:

- Net assets of governmental activities increased \$21,456, or 18 percent, a significant change from the prior year. All governmental funds except the general fund had an increase in net assets. The General Fund decreased \$15,723, or 30 percent.
- The Township's general receipts are primarily property taxes and grants and entitlements. These receipts represent 54 percent of the total cash received for governmental activities during the year. Property tax receipts for 2005 changed very little compared to 2004 as development within the Township has slowed.
- The Quarry Operation, the Township's lone business-type activity, increased net assets by \$72,130 or 84% from the previous year.
- The Township passed a 2.2 mill five year renewal levy on November 8, 2005 which commences in 2006 for fire protection and emergency medical services.
- The Quarry Operation procured a loan from Wells Fargo for equipment. The loan was made on March 16, 2005 in the amount of \$45,000 for a stone crusher.

Key highlights for 2004 are as follows:

- Net assets of governmental activities decreased \$23,427 or 16 percent, a significant change from the prior year. The General Fund decreased \$22,163, or 30 percent.
- The Township's general receipts are primarily property taxes and grants and entitlements. These receipts represent 53 percent of the total cash received for governmental activities during the year. Property tax receipts for 2004 changed very little compared to 2003 as development within the Township has slowed.
- The Quarry Operation, the Township's lone business-type activity, decreased net assets by \$83,591 or 49% from the previous year.
- The Quarry Operation procured a loan from Wells Fargo for equipment. The loan was in the amount of \$95,000 for a loader.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED
(Continued)**

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. Ridge Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005 and 2004, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Township's general receipts.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED
(Continued)**

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating Ridge Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the extent of the Townships debt obligations, and the need for continued growth in the major local revenue sources such as local property, estate and gasoline taxes.

In the statement of net assets and the statement of activities, we divide the Township into two types of activities:

Governmental Activities – Most of the Township's basic services are reported here, including fire protection and road, ditch, and cemetery maintenance. Property, estate, and gasoline taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them. Cemetery maintenance is partially funded by burial fees and sales of cemetery lots. The remainder of cemetery maintenance and upkeep is expended from property taxes from the township General fund.

Business-Type Activities - The Township has one business-type activity, the sale of stone at the Ridge Township Quarry. Business-type activities are financed by a fee charged to the customers receiving the product & services.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about Ridge Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. Ridge Township utilizes only the governmental fund category at this time, having no proprietary or fiduciary funds.

Governmental Funds – All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, the Cemetery Fund, Gasoline Tax Fund, and the Fire District West Fund for 2005 and 2004. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED
(Continued)**

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on the cash basis. Since the Township did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented for 2003:

**(Table 1)
Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Cash and Cash Equivalents	\$140,494	\$119,038	\$157,657	\$85,527	\$298,151	\$204,565
Total Assets	<u>\$140,494</u>	<u>\$119,038</u>	<u>\$157,657</u>	<u>\$85,527</u>	<u>\$298,151</u>	<u>\$204,565</u>
Net Assets						
Restricted for:						
Other Purposes	104,043	66,864			104,043	66,864
Unrestricted	<u>36,451</u>	<u>52,174</u>	<u>157,657</u>	<u>85,527</u>	<u>194,108</u>	<u>137,701</u>
Total Net Assets	<u>\$140,494</u>	<u>\$119,038</u>	<u>\$157,657</u>	<u>\$85,527</u>	<u>\$298,151</u>	<u>\$204,565</u>

As mentioned previously, net assets of governmental activities increased \$21,456 or 18 percent during 2005. The primary reasons contributing to the increase in cash balances are as follows:

- 1) Settlement of a large estate—resulting in a significant tax settlement for the Township
- 2) Increase in Gasoline Tax Receipts

Table 2 reflects the changes in net assets in 2005 and 2004. Since the Township did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented for 2003.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED
(Continued)**

(Table 2)
Changes in Net Assets

	Governmental Activities 2005	Business Type Activities 2005	Total 2005	Governmental Activities 2004	Business Type Activities 2004	Total 2004
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$25,540	\$702,421	\$727,961	\$23,379	\$700,537	\$723,916
Operating Grants and Contributions	97,005		97,005	88,229		88,229
Total Program Receipts	122,545	702,421	824,966	111,608	700,537	812,145
General Receipts:						
Property and Other Local Taxes	96,382		96,382	96,461		96,461
Grants and Entitlements Not Restricted to Specific Programs	50,224		50,224	41,539		41,539
Interest	757		757	1,626		1,626
Debt Proceeds		45,000	45,000		172,000	172,000
Miscellaneous	353	2,192	2,545	8,086	918	9,004
Total General Receipts	147,716	47,192	194,908	147,712	172,918	320,630
Total Receipts	270,261	749,613	1,019,874	259,320	873,455	1,132,775
Disbursements:						
General Government	68,934		68,934	73,599		73,599
Public Safety	38,630		38,630	40,203		40,203
Public Works	101,782		101,782	118,047		118,047
Public Health Services	38,299		38,299	35,283		35,283
Capital Outlay	1,160		1,160	15,615		15,615
Quarry		677,483	677,483		957,046	957,046
Total Disbursements	248,805	677,483	926,288	282,747	957,046	1,239,793
Increase (Decrease) in Net Assets	21,456	72,130	93,586	(23,427)	(83,591)	(107,018)
Net Assets beginning of year	119,038	85,527	204,565	142,465	169,118	311,583
Net Assets end of year	\$140,494	\$157,657	\$298,151	\$119,038	\$85,527	\$204,565

2005

General receipts represent 55 percent of Ridge Township's total governmental activity receipts and of this amount over 65 percent were property taxes. Estate tax receipts are unpredictable and tend to vary greatly from year to year. 29 percent of the Township's total receipts were received from gasoline taxes.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the cost of the Board of Trustees and the fiscal officer and payroll.

Public Safety represents fire services provided by Village of Middle Point and ambulance protection contracted with Brickner's Ambulance Service.

Ridge Township is a member of the Van Wert County Health District and the disbursement entitled Health is payment to that public entity for services provided for the Township and its residents.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED
(Continued)**

2004

General receipts represent 57 percent of Ridge Township's total governmental activity receipts and of this amount over 65 percent were property taxes. Estate tax receipts are unpredictable and tend to vary greatly from year to year. 26 percent of the Township's total receipts were received from gasoline taxes.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the cost of the Board of Trustees and the fiscal officer and payroll.

Public Safety represents fire services provided by Village of Middle Point and ambulance protection contracted with Brickner's Ambulance Service.

Ridge Township is a member of the Van Wert County Health District and the disbursement entitled Health is payment to that public entity for services provided for the Township and its residents.

Governmental Activities

If you look at the Statements of Activities on pages 12 and 22, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of reimbursing these services. For 2005, the major program disbursements for governmental activities were for general government and public works which account for approximately 28% and 41% of all Township disbursements, respectively. For 2004, the major program disbursements for governmental activities were for general government and public works which account for approximately 26% and 42% percent of all Township disbursements, respectively. A comparison between the total cost of services and the net cost is presented in Table 3 for 2005 and 2004.

(Table 3)
Governmental Activities

	Total Cost Of Services 2005	Net Cost Of Services 2005	Total Cost Of Services 2004	Net Cost Of Services 2004
General Government	\$68,934	\$68,554	\$73,599	\$73,149
Public Safety	38,630	38,630	40,203	40,203
Public Works	101,782	4,777	118,047	29,818
Health	38,299	13,139	35,283	12,354
Capital Outlay	1,160	1,160	15,615	15,615
Total Expenses	<u>\$248,805</u>	<u>\$126,260</u>	<u>\$282,747</u>	<u>\$171,139</u>

The dependence upon property tax receipts is apparent as over 50 percent in 2005 and 60 percent in 2004 of governmental activities are supported through these general receipts.

Business-type Activities

The quarry operation of the township is a major part of receipts and disbursements for the township. The quarry employs the majority of the employees of the township. The quarry is an enterprise operation and the revenues from the quarry exceeds the disbursements for the quarry. It does not require any local taxes to support its operations.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED
(Continued)**

The Township's Funds

For 2005, the total governmental funds had receipts of \$270,260 and disbursements of \$248,804. For 2004 the total governmental funds had receipts of \$259,320 and disbursements of \$282,747.

General Fund receipts were less than disbursements indicating that the General Fund is incurring deficit spending in 2004 and 2005. The Township budget and financial committee consisting of the Board of Township Trustees and the Township Clerk, will continue to monitor disbursements, understanding the uncertainty of estate tax receipts and general slow growth in most areas of tax receipts.

General Fund Budgeting Highlights

Ridge Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

General Fund receipts were less than budget expectations for 2005. Actual receipts in the General Fund were \$71,287 with an expected budget amount of \$ 90,518. General Fund receipts were less than budget expectations for 2004. Actual receipts in the General Fund were \$67,727 with an expected budget amount of \$107,219.

Actual 2005 disbursements in the General Fund amounted to \$87,010 or \$55,121 less than the amount budgeted. Actual 2004 disbursements in the General Fund amounted to \$89,890 or \$83,024 less than the amount budgeted.

Current Issues

The challenge for Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. Ridge Township relies heavily on local taxes and has very little industry to support the tax base. Management will continue to provide the best service to township residents while staying within budget guidelines.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Julie Doner, Fiscal Officer, Ridge Township, Van Wert County, 16905 Middle Point Road, Van Wert, OH 45891.

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**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005**

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$140,494	\$157,657	\$298,151
Total Assets	<u>\$140,494</u>	<u>\$157,657</u>	<u>\$298,151</u>
Net Assets			
Restricted for:			
Other Purposes	104,043		104,043
Unrestricted	<u>36,451</u>	<u>157,657</u>	<u>194,108</u>
Total Net Assets	<u>\$140,494</u>	<u>\$157,657</u>	<u>\$298,151</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>		
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities						
General Government	\$68,934	\$380		(\$68,554)		(\$68,554)
Public Safety	\$38,630			(\$38,630)		(\$38,630)
Public Works	\$101,782		\$97,005	(\$4,777)		(\$4,777)
Health	\$38,299	\$25,160		(\$13,139)		(\$13,139)
Capital Outlay	\$1,160			(\$1,160)		(\$1,160)
Total Governmental Activities	\$248,805	\$25,540	\$97,005	(\$126,260)		(\$126,260)
Business Type Activity						
Quarry	\$677,483	\$702,421			\$24,938	\$24,938
Total	\$926,288	\$727,961	\$97,005	(\$126,260)	\$24,938	(\$101,322)
General Receipts						
Property Taxes Levied for General Purposes				\$96,382		\$96,382
Grants and Entitlements not Restricted to Specific Programs				\$50,224		\$50,224
Proceeds of Debt - Notes					\$45,000	\$45,000
Interest				\$757		\$757
Miscellaneous				\$353	\$2,192	\$2,545
Total General Receipts				\$147,716	\$47,192	\$194,908
Change in Net Assets				\$21,456	\$72,130	\$93,586
Net Assets Beginning of Year				\$119,038	\$85,527	\$204,565
Net Assets End of Year				\$140,494	\$157,657	\$298,151

See accompanying notes to the basic financial statements.

RIDGE TOWNSHIP
VAN WERT COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	General	Gasoline Tax Fund	Cemetery Fund	Fire District West Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$36,451	\$23,526	\$22,501	\$29,869	\$28,147	\$140,494
Total Assets	<u>36,451</u>	<u>23,526</u>	<u>22,501</u>	<u>29,869</u>	<u>28,147</u>	<u>140,494</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	36,451					36,451
Special Revenue Funds		23,526	22,501	29,869	28,147	104,043
Total Fund Balances	<u>\$36,451</u>	<u>\$23,526</u>	<u>\$22,501</u>	<u>\$29,869</u>	<u>\$28,147</u>	<u>\$140,494</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General	Gasoline Tax Fund	Cemetery Fund	Fire District West Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$30,565			\$27,918	\$37,899	\$96,382
Licenses, Permits and Fees	380		\$17,460			17,840
Intergovernmental	39,790	\$77,233		3,739	26,466	147,228
Interest	552	125			80	757
Other		70	7,983			8,053
Total Receipts	71,287	77,428	25,443	31,657	64,445	270,260
Disbursements						
Current:						
General Government	68,934					68,934
Public Safety				23,424	15,205	38,629
Public Works		64,648			37,135	101,783
Health	17,265		21,033			38,298
Capital Outlay	811	349				1,160
Total Disbursements	87,010	64,997	21,033	23,424	52,340	248,804
Excess of Receipts Over (Under) Disbursements	(15,723)	12,431	4,410	8,233	12,105	21,456
Fund Balances Beginning of Year	52,174	11,095	18,091	21,636	16,042	119,038
Fund Balances End of Year	\$36,451	\$23,526	\$22,501	\$29,869	\$28,147	\$140,494

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$30,150	\$30,150	\$30,565	\$415
Licenses, Permits and Fees	500	500	380	(120)
Intergovernmental	58,168	58,168	39,790	(18,378)
Interest	1700	1700	552	(1,148)
Total receipts	<u>90,518</u>	<u>90,518</u>	<u>71,287</u>	<u>(19,231)</u>
Disbursements				
Current:				
General Government	117,131	117,131	68,934	48,197
Public Works	3,000	3,000		3,000
Health	20,000	20,000	17,265	2,735
Capital Outlay	2,000	2,000	811	1,189
Total Disbursements	<u>142,131</u>	<u>142,131</u>	<u>87,010</u>	<u>55,121</u>
Excess of Receipts Over (Under) Disbursements	(51,613)	(51,613)	(15,723)	35,890
Fund Balance Beginning of Year	<u>52,174</u>	<u>52,174</u>	<u>52,174</u>	
Fund Balance End of Year	<u>\$561</u>	<u>\$561</u>	<u>\$36,451</u>	<u>\$35,890</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$70,500	\$70,500	\$77,233	\$6,733
Interest	50	50	125	75
Other	2,450	2,450	70	(2,380)
Total receipts	<u>73,000</u>	<u>73,000</u>	<u>77,428</u>	<u>4,428</u>
Disbursements				
Current:				
Public Works	78,725	78,725	64,648	14,077
Capital Outlay	6,000	6,000	349	5,651
Total Disbursements	<u>84,725</u>	<u>84,725</u>	<u>64,997</u>	<u>19,728</u>
Excess of Receipts Over (Under) Disbursements	(11,725)	(11,725)	12,431	24,156
Fund Balance Beginning of Year	<u>11,095</u>	<u>11,095</u>	<u>11,095</u>	
Fund Balance End of Year	<u>(\$630)</u>	<u>(\$630)</u>	<u>\$23,526</u>	<u>\$24,156</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Licenses, Permits and Fees	\$16,000	\$16,000	\$17,460	\$1,460
Other	7,500	7,500	7,983	483
Total receipts	<u>23,500</u>	<u>23,500</u>	<u>25,443</u>	<u>1,943</u>
Disbursements				
Current:				
Health	33,591	33,591	21,033	12,558
Capital Outlay	8,000	8,000		8,000
Total Disbursements	<u>41,591</u>	<u>41,591</u>	<u>21,033</u>	<u>20,558</u>
Excess of Receipts Over (Under) Disbursements	(18,091)	(18,091)	4,410	22,501
Fund Balance Beginning of Year	<u>18,091</u>	<u>18,091</u>	<u>18,091</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$22,501</u></u>	<u><u>\$22,501</u></u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT WEST FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$27,190	\$27,190	\$27,918	\$728
Intergovernmental	3,700	3,700	3,739	39
Total receipts	<u>30,890</u>	<u>30,890</u>	<u>31,657</u>	<u>767</u>
Disbursements				
Current:				
Public Safety	<u>27,100</u>	<u>27,100</u>	23,424	<u>3,676</u>
Total Disbursements	<u>27,100</u>	<u>27,100</u>	<u>23,424</u>	<u>3,676</u>
Excess of Receipts Over (Under) Disbursements	3,790	3,790	8,233	4,443
Fund Balance Beginning of Year	<u>21,636</u>	<u>21,636</u>	<u>21,636</u>	
Fund Balance End of Year	<u><u>\$25,426</u></u>	<u><u>\$25,426</u></u>	<u><u>\$29,869</u></u>	<u><u>\$4,443</u></u>

See accompanying notes to the basic financial statements.

RIDGE TOWNSHIP
VAN WERT COUNTY

STATEMENT OF FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2005

	<u>Business-Type Activities</u> Quarry Enterprise Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	\$157,657
Investments	
Total Assets	<u>\$157,657</u>
Net Assets	
Unrestricted	<u>\$157,657</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Business-Type Activities
	Quarry
	Enterprise Fund
Operating Receipts	
Charges for Services	\$702,421
Total Operating Receipts	702,421
 Operating Disbursements	
Salaries	176,042
Employee Fringe Benefits	148,882
Purchased Services	155,336
Materials and Supplies	61,361
Other	23,237
Total Operating Disbursements	564,858
Operating Income (Loss)	137,563
 Non-Operating Receipts (Disbursements)	
Other Receipts	2,192
Capital Outlay	(76,275)
Proceeds of Debt - Notes	45,000
Principal Payments	(32,398)
Interest and Fiscal Charges	(3,952)
Total Non-Operating Receipts (Disbursements)	(65,433)
Change in Net Assets	72,130
Net Assets Beginning of Year	85,527
Net Assets End of Year	\$157,657

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2004**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$119,038	\$85,527	\$204,565
Total Assets	<u>\$119,038</u>	<u>\$85,527</u>	<u>\$204,565</u>
Net Assets			
Restricted for:			
Other Purposes	66,864		66,864
Unrestricted	<u>52,174</u>	<u>85,527</u>	<u>137,701</u>
Total Net Assets	<u>\$119,038</u>	<u>\$85,527</u>	<u>\$204,565</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>		
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities						
General Government	\$73,599	\$450		(\$73,149)		(\$73,149)
Public Safety	40,203			(40,203)		(40,203)
Public Works	118,047		88,229	(29,818)		(29,818)
Health	35,283	22,929		(12,354)		(12,354)
Capital Outlay	15,615			(15,615)		(15,615)
Total Governmental Activities	282,747	23,379	88,229	(171,139)		(171,139)
Business Type Activity						
Quarry	957,047	700,537			(\$256,510)	(256,510)
Total	<u>\$1,239,794</u>	<u>\$723,916</u>	<u>\$88,229</u>	(171,139)	(256,510)	(427,649)
General Receipts						
Property Taxes Levied for General Purposes				96,461		96,461
Grants and Entitlements not Restricted to Specific Programs				41,539		41,539
Proceeds of Debt - Notes					172,000	172,000
Interest				1,626		1,626
Miscellaneous				8,086	919	9,005
Total General Receipts				147,712	172,919	320,631
Change in Net Assets				(23,427)	(83,591)	(107,018)
Net Assets Beginning of Year				142,465	169,118	311,583
Net Assets End of Year				<u>\$119,038</u>	<u>\$85,527</u>	<u>\$204,565</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	<u>General</u>	<u>Gasoline Tax Fund</u>	<u>Cemetery Fund</u>	<u>Fire District West Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$52,174	\$11,095	\$18,091	\$21,636	\$16,042	\$119,038
Total Assets	<u>52,174</u>	<u>11,095</u>	<u>18,091</u>	<u>21,636</u>	<u>16,042</u>	<u>119,038</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	52,174					52,174
Special Revenue Funds		11,095	18,091	21,636	16,042	66,864
Total Fund Balances	<u>\$52,174</u>	<u>\$11,095</u>	<u>\$18,091</u>	<u>\$21,636</u>	<u>\$16,042</u>	<u>\$119,038</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	General	Gasoline Tax Fund	Cemetery Fund	Fire District West Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$30,312			\$27,681	\$38,468	\$96,461
Licenses, Permits and Fees	450		\$15,678			16,128
Intergovernmental	31,952	\$68,092		3,718	26,007	129,769
Interest	1,595	18			13	1,626
Other	3,418	4,468	7,450			15,336
Total Receipts	67,727	72,578	23,128	31,399	64,488	259,320
Disbursements						
Current:						
General Government	73,599					73,599
Public Safety				24,954	15,249	40,203
Public Works		66,488			51,559	118,047
Health	15,567		19,716			35,283
Capital Outlay	724	5,500	1,000		8,391	15,615
Total Disbursements	89,890	71,988	20,716	24,954	75,199	282,747
Excess of Receipts Over (Under) Disbursements	(22,163)	590	2,412	6,445	(10,711)	(23,427)
Fund Balances Beginning of Year	74,337	10,505	15,679	15,191	26,753	142,465
Fund Balances End of Year	\$52,174	\$11,095	\$18,091	\$21,636	\$16,042	\$119,038

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$29,400	\$29,400	\$30,312	\$912
Licenses, Permits and Fees	650	650	450	(200)
Intergovernmental	73,669	73,669	31,952	(41,717)
Interest	3,500	3,500	1,595	(1,905)
Other			3,418	3,418
	<hr/>			
Total receipts	107,219	107,219	67,727	(39,492)
<hr/>				
Disbursements				
Current:				
General Government	147,914	147,914	73,599	74,315
Public Works	5,000	5,000		5,000
Health	18,000	18,000	15,567	2,433
Capital Outlay	2,000	2,000	724	1,276
	<hr/>			
Total Disbursements	172,914	172,914	89,890	83,024
<hr/>				
Excess of Receipts Over (Under) Disbursements	(65,695)	(65,695)	(22,163)	43,532
<hr/>				
Fund Balance Beginning of Year	74,337	74,337	74,337	
<hr/>				
Fund Balance End of Year	\$8,642	\$8,642	\$52,174	\$43,532
<hr/>				

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts				
Intergovernmental	\$54,770	\$72,770	\$68,092	(\$4,678)
Interest	50	50	18	(32)
Other	1,200	1,200	4,468	3,268
Total receipts	<u>56,020</u>	<u>74,020</u>	<u>72,578</u>	<u>(1,442)</u>
Disbursements				
Current:				
Public Works	59,400	60,400	66,488	(6,088)
Capital Outlay	7,000	6,000	5,500	500
Total Disbursements	<u>66,400</u>	<u>66,400</u>	<u>71,988</u>	<u>(5,588)</u>
Excess of Receipts Over (Under) Disbursements	(10,380)	7,620	590	(7,030)
Fund Balance Beginning of Year	<u>10,505</u>	<u>10,505</u>	<u>10,505</u>	
Fund Balance End of Year	<u>\$125</u>	<u>\$18,125</u>	<u>\$11,095</u>	<u>(\$7,030)</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Licenses, Permits and Fees	\$16,500	\$16,500	\$15,678	(\$822)
Other	5,300	5,300	7,450	2,150
Total receipts	<u>21,800</u>	<u>21,800</u>	<u>23,128</u>	<u>1,328</u>
Disbursements				
Current:				
Health	31,500	31,500	19,716	11,784
Capital Outlay	5,900	5,900	1,000	4,900
Total Disbursements	<u>37,400</u>	<u>37,400</u>	<u>20,716</u>	<u>16,684</u>
Excess of Receipts Over (Under) Disbursements	(15,600)	(15,600)	2,412	18,012
Fund Balance Beginning of Year	<u>15,679</u>	<u>15,679</u>	<u>15,679</u>	
Fund Balance End of Year	<u><u>\$79</u></u>	<u><u>\$79</u></u>	<u><u>\$18,091</u></u>	<u><u>\$18,012</u></u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT WEST FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$26,890	\$27,490	\$27,681	\$191
Intergovernmental	3,410	3,910	3,718	(192)
Total receipts	<u>30,300</u>	<u>31,400</u>	<u>31,399</u>	<u>(1)</u>
Disbursements				
Current:				
Public Safety	<u>40,100</u>	<u>40,100</u>	<u>24,954</u>	<u>15,146</u>
Total Disbursements	<u>40,100</u>	<u>40,100</u>	<u>24,954</u>	<u>15,146</u>
Excess of Receipts Over (Under) Disbursements	(9,800)	(8,700)	6,445	15,145
Fund Balance Beginning of Year	<u>15,191</u>	<u>15,191</u>	<u>15,191</u>	
Fund Balance End of Year	<u><u>\$5,391</u></u>	<u><u>\$6,491</u></u>	<u><u>\$21,636</u></u>	<u><u>\$15,145</u></u>

See accompanying notes to the basic financial statements.

RIDGE TOWNSHIP
VAN WERT COUNTY

STATEMENT OF FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2004

	<u>Business-Type Activities</u>
	Quarry
	<u>Enterprise Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$85,527
Total Assets	<u>\$85,527</u>
Net Assets	
Unrestricted	<u>\$85,527</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Business-Type Activities
	Quarry
	Enterprise Fund
Operating Receipts	
Charges for Services	\$700,537
Total Operating Receipts	700,537
Operating Disbursements	
Salaries	170,149
Employee Fringe Benefits	140,217
Purchased Services	192,584
Materials and Supplies	64,650
Other	22,397
Total Operating Disbursements	589,997
Operating Income (Loss)	110,540
Non-Operating Receipts (Disbursements)	
Other Receipts	918
Capital Outlay	(254,887)
Proceeds of Debt - Notes	172,000
Principal Payments	(112,000)
Interest and Fiscal Charges	(162)
Total Non-Operating Receipts (Disbursements)	(194,131)
Change in Net Assets	(83,591)
Net Assets Beginning of Year	169,118
Net Assets End of Year	\$85,527

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

1. DESCRIPTION OF ENTITY

Ridge Township, Van Wert County, is a body politic and corporate 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 also has an elected Township Clerk.

The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Villages of Middle Point for fire protection and Brickner's Ambulance Service to provide ambulance services. Police protection is provided by the Van Wert County Sheriff's Department.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Township's accounting policies.

A. Basis of Accounting

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this basis of accounting, certain assets and their related revenues, and certain liabilities and their related expenses are not recorded in these financial statements.

B. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net assets presents the cash balance of the governmental and business-type activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

C. Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

D. Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories, governmental and proprietary.

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. In 2005 and 2004, the Township's major governmental funds were the General Fund, Gasoline Tax Fund, Cemetery Fund and the Fire District West Fund. The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

General Fund -The General Fund is used to account for all financial resources, except those required to be accounted for 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.

Gasoline Tax Fund – This fund receives gasoline tax money for constructing, maintaining, and repairing Township roads

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cemetery Fund – This fund receives money for cemetery deeds and lots for maintaining and repairing Township cemeteries.

Fire District West Fund – This fund receives property taxes levied by the Township for fire protection.

2. Proprietary Funds

The Township classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Township's major enterprise fund is:

Quarry Fund – This fund receives revenue from the sale of stone mined from the Township's quarry.

E. Cash and Investments

Deposits are valued at cost.

F. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

1. Appropriations

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. Budgetary expenditures (disbursements and encumbrances) may not exceed appropriations at the fund, function, object level of control. The Board of Trustees must annually approve the appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Board to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are closed, and are reappropriated in the next fiscal year. The Township did not encumber all commitments required by Ohio law.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

G. Capital Assets

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

H. Total Columns on Financial Statements

Total columns on the financial statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, or results of operations in conformity with the basis of accounting described above.

3. CHANGES IN THE BASIS OF ACCOUNTING

Prior to 2004 the Township reported fund financial statements by fund type using the regulatory basis of accounting prescribed by the Auditor of State. For 2004 the Township has implemented the basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column rather than a column for each fund type.

4. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool used by all funds. Monies held by the Township are classified by State statute into three categories:

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

As of December 31, 2005 and 2004, the Township had no undeposited cash on hand.

Deposits

The carrying amount of cash deposits at December 31, 2005 was \$298,151. The carrying amount of cash deposits at December 31, 2004 was \$204,565.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

The deposits were insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

5. PROPERTY TAX

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

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

6. RETIREMENT SYSTEM

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

6. RETIREMENT SYSTEM (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2005 and 2004, the members participated in the traditional plan, and were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 and 2004 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$34,053, \$29,899, and \$15,410 respectively. The full amount has been contributed for 2005, 2004 and 2003. The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

7. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 and 2004 local government employer contribution rate was 13.55 percent of covered payroll. 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Continued)**

7. POST-EMPLOYMENT BENEFITS (Continued)

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 and 2004 which were used to fund post-employment benefits were \$1,872 and \$1,529, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

8. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

9. DEBT

The Township's long-term debt activity for the year ended December 31, 2005, was as follows:

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005	Due Within One Year
Quarry Equipment - Loader	4.00	\$60,000		\$23,582	\$36,418	\$26,237
Quarry Equipment - Crusher	4.55	0	45,000	8,816	36,184	10,113
	%	\$60,000	\$45,000	\$32,398	\$72,602	\$36,350

The two quarry loans are supported by the full faith and credit of the Township and are payable from the quarry operations revenue.

The following is a summary of the Township's future annual debt service requirements:

Year	Quarry Loans	
	Principal	Interest
2006	\$33,247	\$3,103
2007	20,490	1,727
2008	9,255	858
2009	9,610	437
Totals	\$72,602	\$6,125



Auditor of State Betty Montgomery

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

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Ridge Township, Van Wert County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated October 4, 2006, wherein we noted that the Township uses a comprehensive basis of accounting other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated October 4, 2006, we reported other matters related to internal control we deemed immaterial.

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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 through 2005-003. In a separate letter to the Township's management dated October 4, 2006, we reported other matters related to noncompliance we deemed immaterial.

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Ridge Township
Van Wert County
Independent Accountants' Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the management and Board of Trustees. It is not intended for 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

October 4, 2006

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2005-001

Ohio Rev. Code Section 5705.41(D) states, in part, that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void and no warrant shall be issued in payment of any amount due thereon.

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

1. **"Then and Now" Certificate** – If the clerk can certify that both at the time that the contract or order was made ("then"), and at the time that the clerk is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the clerk without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. **Blanket Certificate** – Clerks may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Forty-seven (47%) percent of the invoices tested utilized "Then and Now" Certificates that exceeded the \$3,000 limit which were not approved by the Trustees in a resolution or ordinance. Also, for five (5%) percent of the invoices tested, no purchase order or blanket certificate was issued for the expenditure and the above exceptions were not utilized. In addition, for four (4%) percent of the invoices tested, the date of the invoice preceded the date of the purchase order or blanket certificate date. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2005-001
 (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language section 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of section 5705.41(D) are satisfied.

FINDING NUMBER 2005-002

Ohio Rev. Code Sections 5575.01 requires that in each case of competitive bidding, the board must advertise once, not later than two weeks prior to the letting of the contract, in a newspaper published in the county and of general circulation in the township. Award must be to the lowest responsible bidder. **Ohio Rev. Code Section 505.08** states that by unanimous resolution that a real and present emergency exists, trustees may enter into a contract, without bidding or advertising, for the purchase of equipment, supplies, materials or services needed to meet the emergency if the estimated cost of the contract is less than \$50,000.

The Township unanimously voted on July 18, 2004, that an emergency existed to purchase a new loader, however, the purchase price was \$175,000 and should have been competitively bid.

The Township should review competitive bidding requirements in the Ohio Revised Code to make sure that all requirements are met for each contract entered into by the Township.

FINDING NUMBER 2005-003

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

In 2004, the Township expended money from the following funds in excess of the amounts legally appropriated:

<u>Fund</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Variance</u>
Gas Tax Fund	\$ 66,400	\$ 71,988	(\$ 5,588)
Quarry Fund	710,032	957,047	(247,015)

According to the amounts shown on the Uniform Accounting Network system, the expenditures were within the appropriations; however, the system appropriations did not agree to the total appropriations as legally amended during the year for the above funds.

The Township should periodically compare the amounts budgeted to actual expenditures during the year, and amounts entered into the budgetary accounting system should be reconciled to the budgetary documents.

Officials Response: We did not receive a response from officials to the findings reported above.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	ORC Sec. 505.60 (A) – Improper payment amount for insurance reimbursement	Yes	
2003-002	ORC Sec. 5705.41 (D) – Failure to obtain prior certification for expenditures	No	See finding number 2005-001



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RIDGE TOWNSHIP

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 9, 2006**