



Mary Taylor, CPA
Auditor of State

**RIDGE TOWNSHIP
VAN WERT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis For the Years Ended December 31, 2007 and 2006.....	3
Basic Financial Statements for the Fiscal Year Ended December 31, 2007:	
Statement of Net Assets – Cash Basis December 31, 2007.....	9
Statement of Activities – Cash Basis For Year Ended December 31, 2007	10
Statement of Cash Basis Assets and Fund Balances – Governmental Funds December 31, 2007.....	11
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds – For the Year Ended December 31, 2007	12
Statement of Receipts, Disbursements and Change in Fund Balance Budget and Actual - Budget Basis – General Fund For the Year Ended December 31, 2007	13
Statement of Receipts, Disbursements and Change in Fund Balance Budget and Actual - Budget Basis – Gasoline Tax Fund For the Year Ended December 31, 2007	14
Statement of Receipts, Disbursements and Change in Fund Balance Budget and Actual - Budget Basis – Fire District West Fund For the Year Ended December 31, 2007	15
Statement of Fund Net Assets – Cash Basis - Proprietary Fund December 31, 2007.....	16
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Net Assets Cash Basis - Proprietary Fund For the Year Ended December 31, 2007	17

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE PAGE

Basic Financial Statements for the Fiscal Year Ended December 31, 2006:

Statement of Net Assets – Cash Basis - December 31, 2006.....	18
Statement of Activities – Cash Basis For Year Ended December 31, 2006	19
Statement of Cash Basis Assets and Fund Balances – Governmental Funds December 31, 2006.....	20
Statement of Cash Receipts, Cash Disbursements and Changes In Cash Basis Fund Balances - Governmental Funds For the Year Ended December 31, 2006	21
Statement of Receipts, Disbursements and Change in Fund Balance Budget and Actual - Budget Basis – General Fund For the Year Ended December 31, 2006	22
Statement of Receipts, Disbursements and Change in Fund Balance Budget and Actual - Budget Basis – Gasoline Tax Fund For the Year Ended December 31, 2006.....	23
Statement of Receipts, Disbursements and Change in Fund Balance Budget and Actual - Budget Basis – Cemetery Fund For the Year Ended December 31, 2006.....	24
Statement of Receipts, Disbursements and Change in Fund Balance Budget and Actual - Budget Basis – Fire District West Fund For the Year Ended December 31, 2006.....	25
Statement of Fund Net Assets – Cash Basis - Proprietary Fund December 31, 2006.....	26
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Net Assets Cash Basis - Proprietary Fund – For the Year Ended December 31, 2006.....	27
Notes to the Basic Financial Statements For the Years Ended December 31, 2007 and 2006	29
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Governmental Auditing Standards</i>	39
Schedule of Findings.....	41
Schedule of Prior Audit Findings.....	44



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Ridge Township
Van Wert County
10184 Hoaglin Center Road
Van Wert, Ohio 45891

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the 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, 2007 and 2006, 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 an opinion 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 Township 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 opinion.

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 cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ridge Township, Van Wert County, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, and Fire District West Funds for December 31, 2007 and 2006 and also the Cemetery Fund for December 31, 2006, in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2008, 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 are not a required part of the basic financial statements but are 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 24, 2008

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

This discussion and analysis of the Ridge Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007 and 2006, 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 2007 are as follows:

- Net assets of governmental activities increased \$1,963, or 1 percent, a small change from the prior year. All governmental funds except the West Fire District and Motor Vehicle License Tax funds had an increase in net assets. Those funds decreased \$340 or 1 percent and \$5,395 or 38 percent respectively.
- The Township's general receipts are primarily property taxes and grants and entitlements. These receipts represent 32 and 15 percent, respectively, of the total cash received for governmental activities during the year. Property tax receipts for 2007 changed very little compared to 2006 as development within the Township has slowed.
- The Quarry Operation, the Township's lone business-type activity, increased net assets by \$203,803 or 222 percent from the previous year.
- The Township leased a new Chevy Dump Truck for road purposes.

Key highlights for 2006 are as follows:

- Net assets of governmental activities increased \$6,843 or 5 percent, a small change from the prior year. The General fund decreased \$10,201, or 28 percent
- The Township's general receipts are primarily property taxes and grants and entitlements. These receipts represent 27 and 19 percent, respectively, of the total cash received for governmental activities during the year. Property tax receipts for 2006 changed very little compared to 2005 as development within the Township has slowed.
- The quarry operation, the Township's lone business-type activity, decreased net assets by \$65,791 or 42 percent from the previous year.

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 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.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

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. The 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 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances 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.

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 the 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 Township's debt obligations, and the need for continued growth in the major local revenue sources such as property and income 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, roads 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 activity - 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 and services.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the 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 the governmental fund category and proprietary fund at this time, having no fiduciary funds.

Governmental Funds - Most 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 major funds are the General fund, Gasoline Tax fund, and Fire District West fund for 2007 and General fund, Gasoline Tax fund, Cemetery fund, and Fire District West fund 2006. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township has one enterprise fund, the quarry fund.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities			Business-Type Activities			Total		
	2007	2006	2005	2007	2006	2005	2007	2006	2005
Assets									
Cash and									
Cash Equivalents	\$ 149,300	\$ 147,337	\$ 140,494	\$ 295,669	\$ 91,866	\$ 157,657	\$ 444,969	\$ 239,203	\$ 298,151
Total Assets	<u>149,300</u>	<u>147,337</u>	<u>140,494</u>	<u>295,669</u>	<u>91,866</u>	<u>157,657</u>	<u>444,969</u>	<u>239,203</u>	<u>298,151</u>
Net Assets									
Restricted for:									
Other Purposes	120,763	121,087	104,043				120,763	121,087	104,043
Unrestricted	28,537	26,250	36,451	295,669	91,866	157,657	324,206	118,116	194,108
Total Net Assets	<u>\$ 149,300</u>	<u>\$ 147,337</u>	<u>\$ 140,494</u>	<u>\$ 295,669</u>	<u>\$ 91,866</u>	<u>\$ 157,657</u>	<u>\$ 444,969</u>	<u>\$ 239,203</u>	<u>\$ 298,151</u>

As mentioned previously, net assets of governmental activities increased \$1,963, or 1 percent during 2007.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets in 2007 and 2006.

(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Business- Type Activities 2007	Total 2007	Governmental Activities 2006	Business- Type Activities 2006	Total 2006
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$22,200	\$1,167,179	\$1,189,379	\$14,615	\$724,466	\$739,081
Operating Grants and Contributions	112,279	7,000	119,279	108,308	6,000	114,308
Capital Grants				37,917		37,917
Total Program Receipts	134,479	1,174,179	1,308,658	160,840	730,466	891,306
General Receipts:						
Property and Other Local Taxes	90,396		90,396	88,761		88,761
Grants and Entitlements Not Restricted to Specific Programs	41,939		41,939	62,102		62,102
Interest	10,532		10,532	5,955		5,955
Debt Proceeds		3	3			
Miscellaneous	1,621	1,247	2,868	5,792	3,033	8,825
Total General Receipts	144,488	1,250	145,738	162,610	3,033	165,643
Total Receipts	278,967	1,175,429	1,454,396	323,450	733,499	1,056,949
Disbursements:						
General Government	46,614		46,614	81,764		81,764
Public Safety	38,537		38,537	38,398		38,398
Public Works	119,019		119,019	117,690		117,690
Public Health Services	37,682		37,682	39,738		39,738
Capital Outlay	7,200		7,200	39,017		39,017
Other	4,255		4,255			
Debt Service						
Principal	23,697		23,697			
Quarry		971,626	971,626		799,290	799,290
Total Disbursements	277,004	971,626	1,248,630	316,607	799,290	1,115,897
Increase (Decrease) in Net Assets	1,963	203,803	205,766	6,843	(65,791)	(58,948)
Net Assets beginning of year	147,337	91,866	239,203	140,494	157,657	298,151
Net Assets end of year	\$149,300	\$295,669	\$444,969	\$147,337	\$91,866	\$239,203

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

For 2007, general receipts represented 52 percent of Ridge Township's total governmental activity receipts and of this amount over 63 percent were property taxes. Estate tax receipts are unpredictable and tend to vary greatly from year to year. 32 percent of the Township's total receipts were received from gasoline taxes. Disbursements for General Township represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs 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.

For 2006, general receipts represent 50 percent of Ridge Township's total governmental activity receipts and of this amount over 55 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 Township represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs 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 Statement of Activities on page 10 and 19, 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 2007, the major program disbursements for governmental activities were for general government and public works which account for approximately 17 percent and 43 percent of all Township disbursements, respectively. For 2006, the major program disbursements for governmental activities were for general government and public works which account for approximately 26 percent and 37 percent of all Township disbursements, respectively. A comparison between the total cost of services and the net cost is presented in Table 3 for 2007 and 2006.

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2007	Net Cost Of Services 2007	Total Cost Of Services 2006	Net Cost Of Services 2006
General Government	\$ 46,614	\$ 46,464	\$ 81,764	\$ 81,404
Public Safety	38,537	38,120	38,398	37,923
Public Works	119,019	7,157	117,690	9,857
Health	37,682	15,632	39,738	25,483
Capital Outlay	7,200	7,200	39,017	1,100
Other	4,255	4,255		
Debt Service				
Principal	23,697	23,697		
Total Expenses	\$277,004	\$142,525	\$316,607	\$155,767

The dependence upon property and income tax receipts is apparent as over 51 percent in 2007 and 49 percent in 2006 of governmental activities are supported through these general receipts.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

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.

The Township's Funds

For 2007, the total governmental funds had receipts of \$278,967 and disbursements of \$277,004. For 2006 the total governmental funds had receipts of \$323,450 and disbursements of \$316,607.

In 2006, General Fund receipts were less than disbursements indicating that the General Fund incurred deficit spending. However, in 2007 General Fund receipts exceeded disbursements which resulted in an increase in fund balance. The Township budget and finance committee consisting of the Board of Township Trustees and the Township Fiscal Officer 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

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

For both 2007 and 2006, General Fund receipts were less than budget expectations. For 2007, actual receipts were \$71,882 with an expected budget amount of \$77,720, and for 2006, actual receipts were \$89,687 with an expected budget amount of \$93,919.

Actual 2007 disbursements in the General Fund amounted to \$69,595 or \$29,223 less than the amount budgeted. Actual 2006 disbursements in the General Fund amounted to \$99,888 or \$33,402 less than the amount budgeted.

Current Issues

The challenge for all 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.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$149,300	\$295,669	\$444,969
Total Assets	<u>149,300</u>	<u>295,669</u>	<u>444,969</u>
Net Assets			
Restricted for:			
Other Purposes	120,763		120,763
Unrestricted	<u>28,537</u>	<u>295,669</u>	<u>324,206</u>
Total Net Assets	<u>\$149,300</u>	<u>\$295,669</u>	<u>\$444,969</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, 2007**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes Changes in in Net Assets		Total
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities						
General Government	\$46,614	\$150		(\$46,464)		(\$46,464)
Public Safety	38,537		\$417	(38,120)		(38,120)
Public Works	119,019		111,862	(7,157)		(7,157)
Health	37,682	22,050		(15,632)		(15,632)
Other	4,255			(4,255)		(4,255)
Capital Outlay	7,200			(7,200)		(7,200)
Debt Service:						
Principal	23,697			(23,697)		(23,697)
Total Governmental Activities	<u>277,004</u>	<u>22,200</u>	<u>112,279</u>	<u>(142,525)</u>		<u>(142,525)</u>
Business Type Activities						
Quarry	971,626	1,167,179	7,000		\$202,553	202,553
Total Business Type Activities	<u>971,626</u>	<u>1,167,179</u>	<u>7,000</u>		<u>202,553</u>	<u>202,553</u>
Total Primary Government	<u>\$1,248,630</u>	<u>\$1,189,379</u>	<u>\$119,279</u>	<u>(\$142,525)</u>	202,553	<u>60,028</u>
General Receipts						
Property Taxes				90,396		90,396
Grants and Entitlements not Restricted to Specific Programs				41,939		41,939
Other Debt Proceeds					3	3
Earnings on Investments				10,532		10,532
Miscellaneous				1,621	1,247	2,868
Total General Receipts				<u>144,488</u>	<u>1,250</u>	<u>145,738</u>
Change in Net Assets				1,963	203,803	205,766
Net Assets Beginning of Year				<u>147,337</u>	<u>91,866</u>	<u>239,203</u>
Net Assets End of Year				<u>\$149,300</u>	<u>\$295,669</u>	<u>\$444,969</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, 2007**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District West</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$28,537	\$32,360	\$29,688	\$58,715	\$149,300
Total Assets	<u>28,537</u>	<u>32,360</u>	<u>29,688</u>	<u>58,715</u>	<u>149,300</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	28,537				28,537
Special Revenue Funds		32,360	29,688	58,715	120,763
Total Fund Balances	<u>\$28,537</u>	<u>\$32,360</u>	<u>\$29,688</u>	<u>\$58,715</u>	<u>\$149,300</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District West</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts					
Property and Other Local Taxes	\$32,900		\$20,036	\$37,460	\$90,396
Licenses, Permits and Fees	150			12,775	12,925
Intergovernmental	34,772	\$88,979	2,955	27,512	154,218
Earnings on Investments	4,060	3,938		2,534	10,532
Miscellaneous				10,896	10,896
Total Receipts	<u>71,882</u>	<u>92,917</u>	<u>22,991</u>	<u>91,177</u>	<u>278,967</u>
Disbursements					
Current:					
General Government	46,614				46,614
Public Safety			23,331	15,206	38,537
Public Works		72,120		46,899	119,019
Health	18,726			18,956	37,682
Capital Outlay				7,200	7,200
Debt Service:					
Principal		19,697		4,000	23,697
Total Disbursements	<u>65,340</u>	<u>91,817</u>	<u>23,331</u>	<u>92,261</u>	<u>272,749</u>
Excess of Receipts Over (Under) Disbursements	6,542	1,100	(340)	(1,084)	6,218
Other Financing Sources (Uses)					
Other Financing Uses	<u>(4,255)</u>				<u>(4,255)</u>
Total Other Financing Sources (Uses)	<u>(4,255)</u>				<u>(4,255)</u>
Net Change in Fund Balances	2,287	1,100	(340)	(1,084)	1,963
Fund Balances Beginning of Year	<u>26,250</u>	<u>31,260</u>	<u>30,028</u>	<u>59,799</u>	<u>147,337</u>
Fund Balances End of Year	<u>\$28,537</u>	<u>\$32,360</u>	<u>\$29,688</u>	<u>\$58,715</u>	<u>\$149,300</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$34,400	\$34,400	\$32,900	(\$1,500)
Licenses, Permits and Fees	400	400	150	(250)
Intergovernmental	37,920	37,920	34,772	(3,148)
Earnings on Investments	5,000	5,000	4,060	(940)
Total receipts	<u>77,720</u>	<u>77,720</u>	<u>71,882</u>	<u>(5,838)</u>
Disbursements				
Current:				
General Government	73,618	74,818	46,614	28,204
Health	18,600	23,000	18,726	4,274
Capital Outlay	1,000	1,000		1,000
Total Disbursements	<u>93,218</u>	<u>98,818</u>	<u>65,340</u>	<u>33,478</u>
Excess of Receipts Over (Under) Disbursements	(15,498)	(21,098)	6,542	27,640
Other Financing Sources (Uses)				
Other Financing Uses			(4,255)	(4,255)
Total Other Financing Sources (Uses)			<u>(4,255)</u>	<u>(4,255)</u>
Net Change in Fund Balance	(15,498)	(21,098)	2,287	23,385
Cash Balance Beginning of Year	<u>26,250</u>	<u>26,250</u>	<u>26,250</u>	
Cash Balance End of Year	<u>\$10,752</u>	<u>\$5,152</u>	<u>\$28,537</u>	<u>\$23,385</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$87,000	\$87,000	\$88,979	\$1,979
Earnings on Investments	4,000	4,000	3,938	(62)
Miscellaneous	100	100		(100)
Total receipts	<u>91,100</u>	<u>91,100</u>	<u>92,917</u>	<u>1,817</u>
Disbursements				
Current:				
Public Works	116,104	91,104	72,120	18,984
Capital Outlay	6,000	31,000	19,697	11,303
Total Disbursements	<u>122,104</u>	<u>122,104</u>	<u>91,817</u>	<u>30,287</u>
Net Change in Fund Balance	(31,004)	(31,004)	1,100	32,104
Cash Balance Beginning of Year	<u>31,260</u>	<u>31,260</u>	<u>31,260</u>	
Cash Balance End of Year	<u><u>\$256</u></u>	<u><u>\$256</u></u>	<u><u>\$32,360</u></u>	<u><u>\$32,104</u></u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
FIRE DISTRICT WEST FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$22,500	\$22,500	\$20,036	(\$2,464)
Intergovernmental	3,400	3,400	2,955	(445)
Total receipts	<u>25,900</u>	<u>25,900</u>	<u>22,991</u>	<u>(2,909)</u>
Disbursements				
Current:				
Public Safety	<u>27,100</u>	<u>27,100</u>	<u>23,331</u>	<u>3,769</u>
Total Disbursements	<u>27,100</u>	<u>27,100</u>	<u>23,331</u>	<u>3,769</u>
Net Change in Fund Balance	(1,200)	(1,200)	(340)	860
Cash Balance Beginning of Year	<u>30,028</u>	<u>30,028</u>	<u>30,028</u>	
Cash Balance End of Year	<u><u>\$28,828</u></u>	<u><u>\$28,828</u></u>	<u><u>\$29,688</u></u>	<u><u>\$860</u></u>

See accompanying notes to the basic financial statements.

RIDGE TOWNSHIP
VAN WERT COUNTY

STATEMENT OF FUND NET ASSETS - CASH BASIS
PROPRIETARY FUND
DECEMBER 31, 2007

	<u>Quarry</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$295,669
Total Assets	<u>295,669</u>
Net Assets	
Unrestricted	295,669
Total Net Assets	<u>\$295,669</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Quarry
Operating Receipts	
Charges for Services	\$1,167,179
Total Operating Receipts	1,167,179
 Operating Disbursements	
Salaries	231,682
Employee Fringe Benefits	169,460
Purchased Services	393,902
Supplies and Materials	126,100
Other	27,893
Total Operating Disbursements	949,037
 Operating Income (Loss)	 218,142
 Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	1,247
Capital Outlay	(348)
Other Debt Proceeds	3
Sale of Fixed Assets	7,000
Principal Payments	(20,495)
Interest and Fiscal Charges	(1,746)
Total Non-Operating Receipts (Disbursements)	(14,339)
 Change in Net Assets	 203,803
 Net Assets Beginning of Year	 91,866
 Net Assets End of Year	 \$295,669

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Cash	\$147,337	\$91,866	\$239,203
Total Assets	<u>147,337</u>	<u>91,866</u>	<u>239,203</u>
Net Assets			
Restricted for:			
Other Purposes	121,087		121,087
Unrestricted	26,250	91,866	118,116
Total Net Assets	<u>\$147,337</u>	<u>\$91,866</u>	<u>\$239,203</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, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$81,764	\$360			(\$81,404)		(\$81,404)
Public Safety	38,398		\$475		(37,923)		(37,923)
Public Works	117,690		107,833		(9,857)		(9,857)
Health	39,738	14,255			(25,483)		(25,483)
Capital Outlay	39,017			\$37,917	(1,100)		(1,100)
Total Governmental Activities	<u>316,607</u>	<u>14,615</u>	<u>108,308</u>	<u>37,917</u>	<u>(155,767)</u>		<u>(155,767)</u>
Business Type Activities							
Quarry	799,290	724,466	6,000			(\$68,824)	(68,824)
Total Business Type Activities	<u>799,290</u>	<u>724,466</u>	<u>6,000</u>			<u>(68,824)</u>	<u>(68,824)</u>
Total Primary Government	<u>\$1,115,897</u>	<u>\$739,081</u>	<u>\$114,308</u>	<u>\$37,917</u>	<u>(155,767)</u>	<u>(68,824)</u>	<u>(224,591)</u>
General Receipts							
Property Taxes					88,761		88,761
Grants and Entitlements not Restricted to Specific Programs					62,102		62,102
Earnings on Investments					5,955		5,955
Miscellaneous					5,792	3,033	8,825
Total General Receipts					<u>162,610</u>	<u>3,033</u>	<u>165,643</u>
Change in Net Assets					6,843	(65,791)	(58,948)
Net Assets Beginning of Year					<u>140,494</u>	<u>157,657</u>	<u>298,151</u>
Net Assets End of Year					<u>\$147,337</u>	<u>\$91,866</u>	<u>\$239,203</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, 2006**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Cemetery</u>	<u>Fire District West</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and Cash Equivalents	\$26,250	\$31,260	\$19,834	\$30,028	\$39,965	\$147,337
Total Assets	<u>26,250</u>	<u>31,260</u>	<u>19,834</u>	<u>30,028</u>	<u>39,965</u>	<u>147,337</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	26,250					26,250
Special Revenue Funds		31,260	19,834	30,028	39,965	121,087
Total Fund Balances	<u>\$26,250</u>	<u>\$31,260</u>	<u>\$19,834</u>	<u>\$30,028</u>	<u>\$39,965</u>	<u>\$147,337</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Gasoline Tax	Cemetery	Fire District West	Other Governmental Funds	Total
Receipts						
Property and Other Local Taxes	\$32,013			\$20,482	\$36,266	\$88,761
Licenses, Permits and Fees	360		\$9,325			9,685
Intergovernmental	55,089	\$86,202		2,920	64,116	208,327
Earnings on Investments	2,225	2,195			1,535	5,955
Miscellaneous			10,722			10,722
Total Receipts	<u>89,687</u>	<u>88,397</u>	<u>20,047</u>	<u>23,402</u>	<u>101,917</u>	<u>323,450</u>
Disbursements						
Current:						
General Government	81,764					81,764
Public Safety				23,243	15,155	38,398
Public Works		80,663			37,027	117,690
Health	18,024		21,714			39,738
Capital Outlay	100		1,000		37,917	39,017
Total Disbursements	<u>99,888</u>	<u>80,663</u>	<u>22,714</u>	<u>23,243</u>	<u>90,099</u>	<u>316,607</u>
Net Change in Fund Balances	(10,201)	7,734	(2,667)	159	11,818	6,843
Fund Balances Beginning of Year	<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 End of Year	<u><u>\$26,250</u></u>	<u><u>\$31,260</u></u>	<u><u>\$19,834</u></u>	<u><u>\$30,028</u></u>	<u><u>\$39,965</u></u>	<u><u>\$147,337</u></u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$32,400	\$32,400	\$32,013	(\$387)
Licenses, Permits and Fees	500	500	360	(140)
Intergovernmental	60,519	60,519	55,089	(5,430)
Earnings on Investments	500	500	2,225	1,725
Total receipts	<u>93,919</u>	<u>93,919</u>	<u>89,687</u>	<u>(4,232)</u>
Disbursements				
Current:				
General Government	110,290	112,529	81,764	30,765
Public Works	1,000	1,000		1,000
Health	20,000	19,595	18,024	1,571
Capital Outlay	2,000	166	100	66
Total Disbursements	<u>133,290</u>	<u>133,290</u>	<u>99,888</u>	<u>33,402</u>
Excess of Receipts Over (Under) Disbursements	(39,371)	(39,371)	(10,201)	29,170
Fund Balance Beginning of Year	<u>36,451</u>	<u>36,451</u>	<u>36,451</u>	
Fund Balance End of Year	<u>(\$2,920)</u>	<u>(\$2,920)</u>	<u>\$26,250</u>	<u>\$29,170</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$70,500	\$70,500	\$86,202	\$15,702
Earnings on Investments	50	50	2,195	2,145
Miscellaneous	2,450	2,450		(2,450)
Total receipts	<u>73,000</u>	<u>73,000</u>	<u>88,397</u>	<u>15,397</u>
Disbursements				
Current:				
Public Works	91,021	91,021	80,663	10,358
Capital Outlay	6,000	6,000		6,000
Total Disbursements	<u>97,021</u>	<u>97,021</u>	<u>80,663</u>	<u>16,358</u>
Excess of Receipts Over (Under) Disbursements	(24,021)	(24,021)	7,734	31,755
Fund Balance Beginning of Year	<u>23,526</u>	<u>23,526</u>	<u>23,526</u>	
Fund Balance End of Year	<u>(\$495)</u>	<u>(\$495)</u>	<u>\$31,260</u>	<u>\$31,755</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Receipts				
Licenses, Permits and Fees	\$16,000	\$16,000	\$9,325	(\$6,675)
Miscellaneous	7,500	7,500	10,722	3,222
Total receipts	<u>23,500</u>	<u>23,500</u>	<u>20,047</u>	<u>(3,453)</u>
Disbursements				
Current:				
Health	34,261	34,261	21,714	12,547
Capital Outlay	11,000	11,000	1,000	10,000
Total Disbursements	<u>45,261</u>	<u>45,261</u>	<u>22,714</u>	<u>22,547</u>
Net Change in Fund Balance	(21,761)	(21,761)	(2,667)	19,094
Fund Balance Beginning of Year	<u>22,501</u>	<u>22,501</u>	<u>22,501</u>	
Fund Balance End of Year	<u><u>\$740</u></u>	<u><u>\$740</u></u>	<u><u>\$19,834</u></u>	<u><u>\$19,094</u></u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT WEST FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$23,050	\$23,050	\$20,482	(\$2,568)
Intergovernmental			2,920	2,920
Total receipts	<u>23,050</u>	<u>23,050</u>	<u>23,402</u>	<u>352</u>
Disbursements				
Current:				
Public Safety	<u>27,100</u>	<u>27,100</u>	<u>23,243</u>	<u>3,857</u>
Total Disbursements	<u>27,100</u>	<u>27,100</u>	<u>23,243</u>	<u>3,857</u>
Excess of Receipts Over (Under) Disbursements	(4,050)	(4,050)	159	4,209
Fund Balance Beginning of Year	<u>29,869</u>	<u>29,869</u>	<u>29,869</u>	
Fund Balance End of Year	<u><u>\$25,819</u></u>	<u><u>\$25,819</u></u>	<u><u>\$30,028</u></u>	<u><u>\$4,209</u></u>

See accompanying notes to the basic financial statements.

RIDGE TOWNSHIP
VAN WERT COUNTY

STATEMENT OF FUND NET ASSETS - CASH BASIS
PROPRIETARY FUND
DECEMBER 31, 2006

	<u>Quarry</u>
Assets	
Cash	<u>\$91,866</u>
Total Assets	<u><u>91,866</u></u>
Net Assets	
Unrestricted	<u>91,866</u>
Total Net Assets	<u><u>\$91,866</u></u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Quarry</u>
Operating Receipts	
Charges for Services	\$724,466
Total Operating Receipts	<u>724,466</u>
Operating Disbursements	
Salaries	186,638
Employee Fringe Benefits	133,149
Purchased Services	263,588
Supplies and Materials	113,651
Other	24,095
Total Operating Disbursements	<u>721,121</u>
Operating Income (Loss)	3,345
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	3,033
Capital Outlay	(41,819)
Sale of Fixed Assets	6,000
Principal Payments	(33,211)
Interest and Fiscal Charges	(3,139)
Total Non-Operating Receipts (Disbursements)	<u>(69,136)</u>
Change in Net Assets	(65,791)
Net Assets Beginning of Year	<u>157,657</u>
Net Assets End of Year	<u><u>\$91,866</u></u>

See accompanying notes to the basic financial statements.

This page intentionally left blank.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006**

1. DESCRIPTION OF ENTITY

Ridge Township, Van Wert County (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, and boards and agencies that are not legally separate from the Township. The Township provides general services, road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical services. The Township contracts with the Village 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.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, 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 and the fund financial statements for the proprietary funds, 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 fund. Following are the more significant of the Township's accounting policies.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

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.

1. 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 nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balances 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.

2. 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. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating 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 proprietary fund statements report all other receipts and disbursements as nonoperating.

B. 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.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. In 2007, the Township's major governmental funds were the General Fund, Gasoline Tax Fund, and Fire District West Fund. In 2006, the Township's major governmental funds were the General Fund, Gasoline Tax Fund, Cemetery Fund, and Fire District West Fund.

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 monies for constructing, maintaining, and repair of Township roads

Cemetery Fund - This fund receives money from the sale of cemetery deeds and lots which is used for maintaining the Township cemeteries.

Fire District West Fund - This fund receives property taxes levied by the township to provide fire protection.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

2. Proprietary Funds

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

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 cultivated at the quarry.

C. Basis of Accounting

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 cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

All 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 resolution, 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.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, function and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. 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.

The appropriations resolution 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, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$4,060 and during 2006 was \$2,225.

F. Restricted Assets

Cash and cash equivalents are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments, or imposed by law through constitutional provisions. Restricted assets for other purposes represent the amounts reported in the special revenue funds that are restricted as to use.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

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

I. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. The employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long Term Obligations

The township cash basis financial statements do not report liabilities for long term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when cash is paid.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for special revenue purposes and a permanent fund. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

3. EQUITY IN POOLED CASH

The Township maintains a cash 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.

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.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

3. EQUITY IN POOLED CASH (Continued)

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.

A. Deposits

At December 31, 2007 and 2006, the carrying amounts of the Township's deposits were \$444,969 and \$239,203, respectively, and the bank balances were \$466,284 and \$268,891, respectively. Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007 and 2006, \$366,284 and \$168,891, respectively, of the Township's bank balance was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

4. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. For 2006, the amounts levied were for the year prior to those indicated for 2007. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. For 2006, the liens were a year earlier than 2007. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the years ended December 31, 2007 and 2006, was \$3.70 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

	2007	2006
Real Property		
Residential	\$16,069,790	\$15,855,140
Agricultural	5,090,470	5,082,610
Commercial/Industrial/Mineral	479,290	486,750
Tangible Personal Property	232,462	374,242
Public Utility	1,082,520	1,128,380
Total Assessed Value	\$22,954,532	\$22,927,122

The Van Wert County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

5. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

6. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Plan Description - 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

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) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2007 and December 31, 2006, members in state and local classifications contributed 9.5 and 9.0 percent, respectively, of covered payroll.

The Township's contribution rates for 2007 and 2006 were 13.85 and 13.70 percent, respectively, of covered payroll. For the period January 1, through June 30, 2007, a portion of the Township's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment healthcare plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. For the year 2006, 4.5 percent was used to fund the post-employment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$25,817, \$24,119, and \$24,001, respectively. The full amount has been contributed for 2007, 2006 and 2005.

7. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit post employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement. To qualify for post employment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

7. POST-EMPLOYMENT BENEFITS (Continued)

Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The post employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer’s contribution to the traditional or combined plans is set aside for the funding of post employment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll for 2007 and 13.77 for 2006. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding post-employment healthcare benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 through December 31, 2007. For the year 2006 4.5 percent was used to fund the post-employment healthcare.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree’s surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township’s contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$17,005, \$11,797, and \$10,053 respectively; 100 percent has been contributed for all years.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006. January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

8. DEBT OBLIGATIONS

The Township’s long-term debt activity for the year ended December 31, 2007, was as follows:

Quarry Equipment	Interest Rate	Balance			Balance	
		December 31, 2006	Additions	Reductions	December 31, 2007	Due Within One Year
Loader	4.00%	\$11,658		\$11,658		
Crusher	4.55%	27,733		8,837	\$18,896	\$9,253
		<u>\$39,391</u>		<u>\$20,495</u>	<u>\$18,896</u>	<u>\$9,253</u>

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

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

8. DEBT OBLIGATIONS (Continued)

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

<u>Year</u>	<u>Quarry Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 9,253	\$ 860
2009	9,643	471
Totals	<u>\$18,896</u>	<u>\$1,331</u>

9. LEASES

The Township leased a dump truck under a Municipal Lease-Purchase Agreement. The total amount financed was \$74,900 payable in the three annual payments of \$26,697 at an interest rate of 7.1 percent annually. The first payment was due in advance of the agreement and at the end of lease the purchase option is \$1. The Township disbursed \$26,697 to pay lease costs for the year ended December 31, 2007.

Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2008	\$26,697
2009	26,697
Total	<u>\$53,394</u>

10. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Mary Taylor, CPA

Auditor of State

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
10184 Hoaglin Center Road
Van Wert, Ohio 45891

To the Board of Trustees:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township as of and for the years ended December 31, 2007 and 2006 which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 24, 2008, wherein, we noted the Township uses a comprehensive accounting basis 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. 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 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

**Internal Control Over Financial Reporting
(Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2007-001 and 2007-003 to be material weaknesses.

We noted certain internal control matters that we reported to the Township's management in a separate letter dated September 24, 2008.

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 an instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items: 2007-001 and 2007-002.

The Township's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the Township Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

September 24, 2008

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER – 2007-001

Material Weakness/Non Compliance – Health Care Reimbursement

Ohio Rev. Code Section 505.60(C) states that if any township officer or employee is denied coverage under a health care plan procured under division (B) of this section or if any township officer or employee elects not to participate in the township's health care plan, the township may reimburse the officer or employee for each out of pocket premium that the officer or employee incurs for insurance policies described in division (A) of this section that the officer or employee otherwise obtains, but not to exceed an amount equal to the average premium paid by the township for its officer and employees under policies it procures under division (B) of this section.

Attorney General Opinion 2005-038 concluded that, pursuant to Ohio Rev. Code Section 505.60(C), a board of trustees may reimburse a township officer or employee for the out-of-pocket premiums attributable to that officer or employee for health care coverage under insurance policies described in Ohio Rev. Code Section 505.60(A) if the officer or employee is denied health care coverage under a policy procured by the township under Ohio Rev. Code Section 505.60(B), or if the officer or employee elects not to participate in the township's health care plan. The policies described in 505.60(A) do not include family coverage. Therefore, the township should not reimburse for premium costs attributable to the spouse or dependents of an officer or employee.

The Township reimbursed a trustee for family coverage in the amounts of \$6,084 and \$7,240 for the years 2006 and 2007, respectively, which was in excess of his actual out-of-pocket premium expenses attributable to him only.

Our audits of townships during this audit period have revealed ambiguity in the interpretation of the health care reimbursement statutes, as demonstrated in the opinions of several prosecuting attorneys submitted to our office. In addition, legislation has been introduced to extend reimbursement to township officials and employees for premiums for family coverage. Therefore, we will not issue Findings for Recovery for these expenditures during the 2006-2007 audit period.

We recommend the Township revise its health care premium reimbursement policy to limit reimbursement to amounts attributable to township officials and employees only, unless and until HB 458 is passed by the legislature and becomes law.

Officials Response:

The Ridge Township Trustees approved of reimbursing the trustee for his own family health insurance plan because it was less expensive than adding him to the township's group plan and therefore, there was cost savings to the township. The trustees feel the language and intent of the Ohio State Revised Code 505.60 does allow the township to reimburse trustees or employees for family coverage of health insurance.

The Van Wert Prosecuting Attorney, Charles Kennedy, has issued an opinion stating that he has reviewed both the Ohio Revised Code 505.60 & 505.601 and the OAG Opinion 2005-038 and that it is his opinion that the township trustees are permitted to reimburse township employees for out of pocket expenses for insurance coverage for the employee and his/her immediate dependents.

Therefore, we are relying on our legal counsel's opinion regarding this issue.

FINDING NUMBER – 2007-002

Noncompliance – Debt Issues

Ohio Rev. Code Section 5549.02 provides the boards of county commissioner's with the authority to enter into terms for deferred payments in the purchase of machinery, tools, trucks and other equipment for use in constructing, maintaining, and repairing roads. However, no like authority is allotted to townships.

Ohio Rev. Code Section 5549.021 states, in pertinent part, that a board of township trustees may purchase machinery, tools, trucks and other equipment for use in constructing, maintaining and repairing roads and may issue for that purpose general obligation bonds of the township for which full faith and credit of the township shall be pledged.

Further, **Ohio Atty Gen Opinion 2000-019** states that a township does not have the authority to purchase road work equipment by installment payments.

During 2004, the Township issued a commercial note for \$95,000 for a period of four years from a local bank to purchase a loader for the Township Quarry, and during 2005, the Township issued a commercial note for \$45,000 for a period of four years from a local bank to purchase a crusher for the Township Quarry. During 2006 and 2007, the Township repaid \$24,760 and \$11,658, respectively, on the loader loan and \$8,451 and \$8,837, respectively, on the crusher loan.

The Township should issue general obligation bonds per Ohio Rev. Code Section 5549.021 for the purchase of machinery, tools, trucks and other equipment.

Officials Response:

We did not receive a response from officials to this finding.

FINDING NUMBER – 2007-003

Material Weakness - Classifying Revenues and Expenditures

The Township posted all transactions to the cash journal and revenue ledger; however, not all transactions were posted to the correct account. The chart of accounts to be used for posting revenue activity is outlined in the Uniform Accounting Network (UAN) Chart of Accounts. The following items were not posted according to the chart of accounts during 2007 and 2006:

- The Township did not record \$37,917 of Issue II revenues and expenditures received and spent during 2006 on the Township's behalf by Van Wert County.
- During 2007, personal property tax was incorrectly posted to the Fire District East Fund in the amount of \$671 rather than to the Fire District West Fund.
- During 2007, personal property tax replacement was incorrectly posted as property and other local taxes rather than intergovernmental in the general fund in the amount of \$390, in the Fire District West fund in the amount of \$310, in the Road and Bridge Fund in the amount of \$260 and in the Fire District East fund in the amount of \$210.
- During 2006, personal property tax replacement was incorrectly posted as property and other local taxes rather than intergovernmental in the General Fund in the amount of \$315, in the Fire District West fund in the amount of \$267, in the Road and Bridge Fund in the amount of \$235 and in the Fire District East fund in the amount of \$203.

FINDING 2007 – 003
(Continued)

- During 2007, the debt service payments from the Motor Vehicle License Tax, Gasoline Tax and Road and Bridge Funds were posted as capital outlay in the amounts of \$4,000, \$19,697 and \$3,000, respectively, rather than debt service principal payments.

The failure to follow the UAN chart of accounts when coding revenue and expenditure activity could result in the material misstatement of the revenue and expenditure line items for reporting. The financial statements were adjusted for the Issue II receipts and disbursements, and the debt service payments from the Motor Vehicle License Tax and Gasoline Tax funds.

The UAN chart of accounts should be reviewed when posting revenue and expenditure activity to determine which account code best represents the transaction. Also, the Fiscal Officer should post revenue and expenditure corrections that occur within the same year as reductions of the original transactions.

Officials Response:

We did not receive a response from officials to this finding.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	ORC Section 5705.41(D) – Certification of available funds	No	Noncompliance issues went from 47 percent noncompliant to 3 percent noncompliant in the current period. Changed to a verbal comment.
2005-002	ORC Section 5575.01 – Requires Competitive Bidding	Yes	
2005-003	ORC Section 5705.41(B) – Must appropriate money before spending	Yes	



Mary Taylor, CPA
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 6, 2008**