



Mary Taylor, CPA
Auditor of State

**RIDGE TOWNSHIP
VAN WERT COUNTY**

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VAN WERT COUNTY**

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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, 2009 and 2008, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Ridge Township, Van Wert County, as of December 31, 2009 and 2008, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Gas Tax Funds for the year ended December 31, 2009 and the General, Gas Tax, and Fire District West Funds for the year ended December 31, 2008, in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2010, 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 accounting principles generally accepted in the United States of America 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

March 9, 2010

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
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, 2009 and 2008, 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 2009 are as follows:

- Net assets of governmental activities increased \$28,822, or 18 percent. All governmental funds had an increase in net assets. The general fund increased \$5,405 or 14.6 percent.
- The Township's general receipts are primarily property taxes and grants and entitlements. These receipts represent 34 and 14 percent; respectively, of the total cash received for governmental activities during the year. Property tax receipts for 2009 increased approximately \$9,800 compared to 2008.
- The Quarry Operation, the Township's lone business-type activity, increased net assets by \$178,801 or 48 percent from the previous year.
- The Township leased a new John Deere Tractor and mower for road purposes.

Key highlights for 2008 are as follows:

- Net assets of governmental activities increased \$7,452 or 5 percent, a small change from the prior year. The General fund increased \$8,500, or 30 percent
- The Township's general receipts are primarily property taxes and grants and entitlements. These receipts represent 31 and 17 percent, respectively, of the total cash received for governmental activities during the year. Property tax receipts for 2008 changed very little compared to 2007 as development within the Township has slowed.
- The quarry operation, the Township's lone business-type activity, increased net assets by \$74,785 or 25 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.

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.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED
(Continued)**

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 2009 and 2008, 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.

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, 2009 AND 2008
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 for 2009 and General fund, Gasoline, and Fire District West fund 2008. 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 2009 compared to 2008 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities			Business-Type Activities			Total		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Assets									
Cash and Cash Equivalents	\$185,574	\$156,752	\$149,300	\$549,255	\$370,454	\$295,669	\$734,829	\$527,206	\$444,969
Total Assets	<u>185,574</u>	<u>156,752</u>	<u>149,300</u>	<u>549,255</u>	<u>370,454</u>	<u>295,669</u>	<u>734,829</u>	<u>527,206</u>	<u>444,969</u>
Net Assets									
Restricted for:									
Other Purposes	143,132	119,715	120,763				143,132	119,715	120,763
Unrestricted	42,442	37,037	28,537	549,255	370,454	295,669	591,697	407,491	324,206
Total Net Assets	<u>\$185,574</u>	<u>\$156,752</u>	<u>\$149,300</u>	<u>\$549,255</u>	<u>\$370,454</u>	<u>\$295,669</u>	<u>\$734,829</u>	<u>\$527,206</u>	<u>\$444,969</u>

As mentioned previously, net assets of governmental activities increased \$28,822, or 18 percent during 2009 and increased \$7,452 or 5 % during 2008.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets in 2009 and 2008.

	Governmental Activities 2009	Business Type Activities 2009	Total 2009	Governmental Activities 2008	Business Type Activities 2008	Total 2008
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 19,895	\$883,229	\$ 903,124	\$ 17,515	\$883,936	\$ 901,451
Operating Grants and Contributions	109,794	15,000	124,794	112,494		112,494
Total Program Receipts	129,689	898,229	1,027,918	130,009	883,936	1,013,945
General Receipts:						
Property and Other Local Taxes	96,197		96,197	86,316		86,316
Grants and Entitlements Not Restricted to Specific Programs	39,419		39,419	47,103		47,103
Interest	2,527		2,527	9,907		9,907
Debt Proceeds						
Miscellaneous	11,834	5,321	17,155	6,094	1,150	7,244
Total General Receipts	149,977	5,321	155,298	149,420	1,150	150,570
Total Receipts	279,666	903,550	1,183,216	279,429	885,086	1,164,515
Disbursements:						
General Government	43,836		43,836	46,123		46,123
Public Safety	38,653		38,653	38,669		38,669
Public Works	87,042		87,042	119,936		119,936
Public Health Services	41,613		41,613	39,557		39,557
Capital Outlay				995		995
Debt Service:						
Principal	37,435		37,435	23,275		23,275
Interest	2,265		2,265	3,422		3,422
Quarry		724,749	724,749		810,300	810,300
Total Disbursements	250,844	724,749	975,593	271,977	810,300	1,082,277
Increase (Decrease) in Net Assets	28,822	178,801	207,623	7,452	74,786	82,238
Net Assets beginning of year	156,752	370,454	527,206	149,300	295,668	444,968
Net Assets end of year	\$185,574	\$549,255	\$ 734,829	\$156,752	\$370,454	\$ 527,206

For 2009, general receipts represented 54 percent of Ridge Township's total governmental activity receipts and of this amount over 64 percent were property taxes. Estate tax receipts are unpredictable and tend to vary greatly from year to year. 31 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 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.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED
(Continued)**

For 2008, general receipts represent 53 percent of Ridge Township's total governmental activity receipts and of this amount over 57 percent were property taxes. Estate tax receipts are unpredictable and tend to vary greatly from year to year. 33 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 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 18, 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 2009, the major program disbursements for governmental activities were for general government and public works which account for approximately 17 percent and 35 percent of all Township disbursements, respectively. For 2008, the major program disbursements for governmental activities were for general government and public works which account for approximately 17 percent and 44 percent of all Township disbursements, respectively. A comparison between the total cost of services and the net cost is presented in Table 3 for 2009 and 2008.

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2009	Net Cost Of Services 2009	Total Cost Of Services 2008	Net Cost Of Services 2008
General Government	\$ 43,836	\$ 43,761	\$ 46,123	\$ 45,923
Public Safety	38,653	36,854	38,669	37,447
Public Works	87,042	(20,953)	119,936	8,664
Health	41,613	21,793	39,557	22,242
Capital Outlay			995	995
Debt Service:				
Principal	37,435	37,435	23,275	23,275
Interest	2,265	2,265	3,422	3,422
Total Expenses	\$250,844	\$121,155	\$271,977	\$141,968

The dependence upon property tax, grant and entitlement receipts is apparent as over 48 percent in 2009 and 52 percent in 2008 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, 2009 AND 2008
UNAUDITED
(Continued)**

The Township's Funds

For 2009, the total governmental funds had receipts of \$279,666 and disbursements of \$250,844. For 2008 the total governmental funds had receipts of \$279,429 and disbursements of \$271,977.

In 2009 and 2008, 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 2009, General Fund receipts were less than budget expectations. Actual receipts were \$68,390 with an expected budget amount of \$78,870. For 2008, actual receipts were more than budget expectations. Actual receipts were \$73,396 with an expected budget amount of \$72,620.

Actual 2009 disbursements in the General Fund amounted to \$62,985 or \$37,843 less than the amount budgeted. Actual 2008 disbursements in the General Fund amounted to \$64,896 or \$8,056 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, 2009**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$185,574	\$549,255	\$734,829
Total Assets	<u>185,574</u>	<u>549,255</u>	<u>734,829</u>
Net Assets:			
Restricted for:			
Other Purposes	143,132		143,132
Unrestricted	42,442	549,255	591,697
Total Net Assets	<u>\$185,574</u>	<u>\$549,255</u>	<u>\$734,829</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, 2009

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General Government	\$43,836	\$75		(\$43,761)		(\$43,761)
Public Safety	38,653		\$1,799	(36,854)		(36,854)
Public Works	87,042		107,995	20,953		20,953
Health	41,613	19,820		(21,793)		(21,793)
Debt Service:						
Principal	37,435			(37,435)		(37,435)
Interest	2,265			(2,265)		(2,265)
Total Governmental Activities	<u>250,844</u>	<u>19,895</u>	<u>109,794</u>	<u>(121,155)</u>		<u>(121,155)</u>
Business Type Activities:						
Quarry	724,749	883,229	15,000		\$173,480	173,480
Total Business Type Activities	<u>724,749</u>	<u>883,229</u>	<u>15,000</u>		<u>173,480</u>	<u>173,480</u>
Total Primary Government	<u>\$975,593</u>	<u>\$903,124</u>	<u>\$124,794</u>	<u>(121,155)</u>	<u>173,480</u>	<u>52,325</u>
General Receipts:						
Property Taxes				96,197		96,197
Grants and Entitlements not Restricted to Specific Programs				39,419		39,419
Earnings on Investments				2,527		2,527
Miscellaneous				11,834	5,321	17,155
Total General Receipts				<u>149,977</u>	<u>5,321</u>	<u>155,298</u>
Change in Net Assets				28,822	178,801	207,623
Net Assets Beginning of Year				<u>156,752</u>	<u>370,454</u>	<u>527,206</u>
Net Assets End of Year				<u>\$185,574</u>	<u>\$549,255</u>	<u>\$734,829</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, 2009**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$42,442	\$28,619	\$114,513	\$185,574
Total Assets	<u>42,442</u>	<u>28,619</u>	<u>114,513</u>	<u>185,574</u>
Fund Balances:				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	42,442			42,442
Special Revenue Funds		28,619	114,513	143,132
Total Fund Balances	<u>\$42,442</u>	<u>\$28,619</u>	<u>\$114,513</u>	<u>\$185,574</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, 2009**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts:				
Property and Other Local Taxes	\$36,707		\$59,490	\$96,197
Licenses, Permits and Fees	75		10,880	10,955
Intergovernmental	29,306	\$86,632	33,274	149,212
Earnings on Investments	2,302	163	63	2,528
Miscellaneous			20,774	20,774
Total Receipts	<u>68,390</u>	<u>86,795</u>	<u>124,481</u>	<u>279,666</u>
Disbursements:				
Current:				
General Government	43,836			43,836
Public Safety			38,653	38,653
Public Works		55,216	31,826	87,042
Health	19,149		22,464	41,613
Debt Service:				
Principal Retirement		24,928	12,507	37,435
Interest and Fiscal Charges		1,771	494	2,265
Total Disbursements	<u>62,985</u>	<u>81,915</u>	<u>105,944</u>	<u>250,844</u>
Net Change in Fund Balances	5,405	4,880	18,537	28,822
Fund Balances Beginning of Year	<u>37,037</u>	<u>23,739</u>	<u>95,976</u>	<u>156,752</u>
Fund Balances End of Year	<u><u>\$42,442</u></u>	<u><u>\$28,619</u></u>	<u><u>\$114,513</u></u>	<u><u>\$185,574</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
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<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	\$39,100	\$39,100	\$36,707	(\$2,393)
Licenses, Permits and Fees	500	500	75	(425)
Intergovernmental	35,270	35,270	29,306	(5,964)
Earnings on Investments	4,000	4,000	2,302	(1,698)
Total receipts	<u>78,870</u>	<u>78,870</u>	<u>68,390</u>	<u>(10,480)</u>
Disbursements:				
Current:				
General Government	79,828	80,467	43,836	36,631
Health	20,000	20,000	19,149	851
Capital Outlay	1,000	361		361
Total Disbursements	<u>100,828</u>	<u>100,828</u>	<u>62,985</u>	<u>37,843</u>
Net Change in Fund Balance	(21,958)	(21,958)	5,405	27,363
Cash Balance Beginning of Year	<u>37,037</u>	<u>37,037</u>	<u>37,037</u>	
Cash Balance End of Year	<u><u>\$15,079</u></u>	<u><u>\$15,079</u></u>	<u><u>\$42,442</u></u>	<u><u>\$27,363</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
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental	\$90,000	\$90,000	\$86,632	(\$3,368)
Earnings on Investments	3,900	3,900	163	(3,737)
Total receipts	<u>94,000</u>	<u>94,000</u>	<u>86,795</u>	<u>(7,205)</u>
Disbursements:				
Current:				
Public Works	90,300	90,300	55,216	35,084
Debt Service:				
Principal Retirement	25,000	25,000	24,928	72
Interest and Fiscal Charges	2,000	2,000	1,771	229
Total Disbursements	<u>117,300</u>	<u>117,300</u>	<u>81,915</u>	<u>35,385</u>
Net Change in Fund Balance	(23,300)	(23,300)	4,880	28,180
Cash Balance Beginning of Year	<u>23,739</u>	<u>23,739</u>	<u>23,739</u>	
Cash Balance End of Year	<u>\$439</u>	<u>\$439</u>	<u>\$28,619</u>	<u>\$28,180</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, 2009

	<u>Quarry</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$549,255
Total Assets	<u>549,255</u>
Net Assets:	
Unrestricted	549,255
Total Net Assets	<u>\$549,255</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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Quarry
Operating Receipts:	
Charges for Services	\$883,229
Total Operating Receipts	883,229
Operating Disbursements:	
Salaries	183,720
Employee Fringe Benefits	208,840
Purchased Services	224,603
Supplies and Materials	76,242
Other	15,838
Capital Outlay	5,425
Total Operating Disbursements	714,668
Operating Income (Loss)	168,561
Non-Operating Receipts (Disbursements):	
Miscellaneous Receipts	5,321
Sale of Fixed Assets	15,000
Principal Payments	(9,658)
Interest and Fiscal Charges	(423)
Total Non-Operating Receipts (Disbursements)	10,240
Change in Net Assets	178,801
Net Assets Beginning of Year	370,454
Net Assets End of Year	\$549,255

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$156,752	\$370,454	\$527,206
Total Assets	<u>156,752</u>	<u>370,454</u>	<u>527,206</u>
Net Assets:			
Restricted for:			
Other Purposes	119,715		119,715
Unrestricted	37,037	370,454	407,491
Total Net Assets	<u>\$156,752</u>	<u>\$370,454</u>	<u>\$527,206</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, 2008

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		Total
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:						
General Government	\$46,123	\$200		(\$45,923)		(\$45,923)
Public Safety	38,669		\$1,222	(37,447)		(37,447)
Public Works	119,936		111,272	(8,664)		(8,664)
Health	39,557	17,315		(22,242)		(22,242)
Capital Outlay	995			(995)		(995)
Debt Service:						
Principal	23,275			(23,275)		(23,275)
Interest	3,422			(3,422)		(3,422)
Total Governmental Activities	<u>271,977</u>	<u>17,515</u>	<u>112,494</u>	<u>(141,968)</u>		<u>(141,968)</u>
Business Type Activities:						
Quarry	810,300	883,936			\$73,636	73,636
Total Business Type Activities	<u>810,300</u>	<u>883,936</u>			<u>73,636</u>	<u>73,636</u>
Total Primary Government	<u>\$1,082,277</u>	<u>\$901,451</u>	<u>\$112,494</u>	<u>(141,968)</u>	<u>73,636</u>	<u>(68,332)</u>
General Receipts:						
Property Taxes				86,316		86,316
Grants and Entitlements not Restricted to Specific Programs				47,103		47,103
Earnings on Investments				9,907		9,907
Miscellaneous				6,094	1,150	7,244
Total General Receipts				<u>149,420</u>	<u>1,150</u>	<u>150,570</u>
Change in Net Assets				7,452	74,786	82,238
Net Assets Beginning of Year				<u>149,300</u>	<u>295,668</u>	<u>444,968</u>
Net Assets End of Year				<u>\$156,752</u>	<u>\$370,454</u>	<u>\$527,206</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, 2008**

	<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	\$37,037	\$23,739	\$30,390	\$65,586	\$156,752
Total Assets	<u>37,037</u>	<u>23,739</u>	<u>30,390</u>	<u>65,586</u>	<u>156,752</u>
Fund Balances:					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	37,037				37,037
Special Revenue Funds		23,739	30,390	65,586	119,715
Total Fund Balances	<u>\$37,037</u>	<u>\$23,739</u>	<u>\$30,390</u>	<u>\$65,586</u>	<u>\$156,752</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, 2008**

	<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	\$31,456		\$19,640	\$35,220	\$86,316
Licenses, Permits and Fees	200			10,910	11,110
Intergovernmental	37,246	\$89,722	4,481	28,148	159,597
Earnings on Investments	4,494	3,850		1,563	9,907
Miscellaneous				12,499	12,499
Total Receipts	<u>73,396</u>	<u>93,572</u>	<u>24,121</u>	<u>88,340</u>	<u>279,429</u>
Disbursements:					
Current:					
General Government	46,123				46,123
Public Safety			23,419	15,250	38,669
Public Works		75,496		44,440	119,936
Health	18,773			20,784	39,557
Capital Outlay				995	995
Debt Service:					
Principal Retirement		23,275			23,275
Interest and Fiscal Charges		3,422			3,422
Total Disbursements	<u>64,896</u>	<u>102,193</u>	<u>23,419</u>	<u>81,469</u>	<u>271,977</u>
Net Change in Fund Balances	8,500	(8,621)	702	6,871	7,452
Fund Balances Beginning of Year	<u>28,537</u>	<u>32,360</u>	<u>29,688</u>	<u>58,715</u>	<u>149,300</u>
Fund Balances End of Year	<u><u>\$37,037</u></u>	<u><u>\$23,739</u></u>	<u><u>\$30,390</u></u>	<u><u>\$65,586</u></u>	<u><u>\$156,752</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
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<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	\$34,900	\$34,900	\$31,456	(\$3,444)
Licenses, Permits and Fees	500	500	200	(300)
Intergovernmental	33,220	33,220	37,246	4,026
Earnings on Investments	4,000	4,000	4,494	494
Total receipts	<u>72,620</u>	<u>72,620</u>	<u>73,396</u>	<u>776</u>
Disbursements:				
Current:				
General Government	51,152	53,152	46,123	7,029
Health	18,800	18,800	18,773	27
Capital Outlay	1,000	1,000		1,000
Total Disbursements	<u>70,952</u>	<u>72,952</u>	<u>64,896</u>	<u>8,056</u>
Net Change in Fund Balance	1,668	(332)	8,500	8,832
Cash Balance Beginning of Year	<u>28,537</u>	<u>28,537</u>	<u>28,537</u>	<u></u>
Cash Balance End of Year	<u><u>\$30,205</u></u>	<u><u>\$28,205</u></u>	<u><u>\$37,037</u></u>	<u><u>\$8,832</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
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$89,000	\$89,000	\$89,722	\$722
Earnings on Investments	3,400	3,400	3,850	450
Miscellaneous	100	100		(100)
Total receipts	<u>92,500</u>	<u>92,500</u>	<u>93,572</u>	<u>1,072</u>
Disbursements:				
Current:				
Public Works	97,200	97,300	75,496	21,804
Debt Service:				
Principal Retirement	23,500	23,403	23,275	128
Interest and Fiscal Charges	3,500	3,497	3,422	75
Total Disbursements	<u>124,200</u>	<u>124,200</u>	<u>102,193</u>	<u>22,007</u>
Net Change in Fund Balance	(31,700)	(31,700)	(8,621)	23,078
Cash Balance Beginning of Year	<u>32,360</u>	<u>32,360</u>	<u>32,360</u>	
Cash Balance End of Year	<u><u>\$660</u></u>	<u><u>\$660</u></u>	<u><u>\$23,739</u></u>	<u><u>\$23,079</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, 2008**

	<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	\$20,500	\$20,500	\$19,640	(\$860)
Intergovernmental	3,400	3,400	4,481	1,081
Total receipts	<u>23,900</u>	<u>23,900</u>	<u>24,121</u>	<u>221</u>
Disbursements:				
Current:				
Public Safety	<u>27,000</u>	<u>27,000</u>	<u>23,419</u>	<u>3,581</u>
Total Disbursements	<u>27,000</u>	<u>27,000</u>	<u>23,419</u>	<u>3,581</u>
Net Change in Fund Balance	(3,100)	(3,100)	702	3,802
Cash Balance Beginning of Year	<u>29,688</u>	<u>29,688</u>	<u>29,688</u>	
Cash Balance End of Year	<u><u>\$26,588</u></u>	<u><u>\$26,588</u></u>	<u><u>\$30,390</u></u>	<u><u>\$3,802</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, 2008

	<u>Quarry</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$370,454</u>
Total Assets	<u><u>370,454</u></u>
Net Assets:	
Unrestricted	<u>370,454</u>
Total Net Assets	<u><u>\$370,454</u></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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Quarry</u>
Operating Receipts:	
Charges for Services	\$883,936
Total Operating Receipts	<u>883,936</u>
Operating Disbursements:	
Salaries	192,944
Employee Fringe Benefits	209,513
Purchased Services	240,566
Supplies and Materials	119,312
Other	16,928
Capital Outlay	20,924
Total Operating Disbursements	<u>800,187</u>
Operating Income (Loss)	83,749
Non-Operating Receipts (Disbursements):	
Miscellaneous Receipts	1,150
Principal Payments	(9,238)
Interest and Fiscal Charges	(875)
Total Non-Operating Receipts (Disbursements)	<u>(8,963)</u>
Change in Net Assets	74,786
Net Assets Beginning of Year	<u>295,668</u>
Net Assets End of Year	<u><u>\$370,454</u></u>

See accompanying notes to the basic financial statements.

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**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008**

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 government services, maintenance of Township roads and bridges, 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, 2009 AND 2008
(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 non-exchange 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. 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 proprietary fund statements report all other receipts and disbursements as non-operating.

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, 2009 AND 2008
(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 non-exchange transactions as governmental funds. In 2009, the Township's major governmental funds were the General Fund and Gasoline Tax Fund. In 2008, the Township's major governmental funds were the General Fund, Gasoline Tax 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

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, 2009 AND 2008
(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 2009 was \$2,302 and during 2008 was \$4,494.

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, 2009 AND 2008
(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. As described in Notes 6 and 7, 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, 2009 AND 2008
(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.

Deposits

At December 31, 2009 and 2008, the carrying amounts of the Township's deposits were \$734,829 and \$527,206, respectively, and the bank balances were \$736,790 and \$542,946, 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, 2009 and 2008, \$350,210 and \$144,381, 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, 2009 AND 2008
(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 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. For 2008, the amounts levied were for the year prior to those indicated for 2009. 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 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2008, and are collected with real property taxes. For 2008, the liens were a year earlier than 2009. 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.

2008 tangible property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This was reduced to 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, 2009 and 2008, was \$3.70 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

	2009	2008
Real Property		
Residential/Agricultural	\$25,566,820	\$21,474,800
Commercial/Industrial/Mineral	730,670	715,440
Tangible Personal Property	22,210	137,420
Public Utility	815,680	804,320
Total Assessed Value	\$27,135,380	\$23,131,980

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, 2009 AND 2008
(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, 2009 and December 31, 2008, members in state and local classifications contributed 9.5 and 9.0 percent, respectively, of covered payroll.

The Township's contribution rate for 2009 and 2008 was 14 percent of covered payroll. For the period January 1, through March 31, 2009, a portion of the Township's contribution equal to 7 percent of covered payroll was allocated to fund the healthcare plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. For the year 2008, 7 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, 2009, 2008, and 2007 were \$21,189, \$18,900, and \$25,817 respectively. The full amount has been contributed for 2009, 2008 and 2007.

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, 2009 AND 2008
(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.

The Township’s contribution rate for 2009 and 2008 was 14 percent of covered payroll. For the period January 1, through March 31, 2009, a portion of the Township’s contribution equal to 7 percent of covered payroll was allocated to fund the post-employment healthcare plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. For the year 2008, 7 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 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, 2009, 2008, and 2007 were \$15,344, \$18,900, and \$17,005 respectively; 100 percent has been contributed for all years.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

8. DEBT OBLIGATIONS

The Township’s long-term debt activity for the year ended December 31, 2009, was as follows:

<u>Quarry</u>	<u>Interest</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Due Within</u>
<u>Equipment</u>	<u>Rate</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>December 31,</u>	<u>One Year</u>
		<u>2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>2009</u>	
Crusher	4.55%	\$9,253		\$9,253		
		<u>\$9,253</u>	<u>\$0</u>	<u>\$9,253</u>	<u>\$0</u>	<u>\$0</u>

The quarry loan was supported by the full faith and credit of the Township and payable from the quarry operations revenue.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

9. LEASES

The Township leased a dump truck under a Municipal Lease-Purchase Agreement. The total amount financed was \$74,900 payable in 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 the lease the purchase option is \$1. The Township disbursed annual payments of \$26,697 during 2008 and 2009 to pay off the lease.

The Township leased a John Deere mower under a Municipal Lease-Purchase Agreement. The total amount financed was \$36,169 payable in the three annual payments of \$12,641 at an interest rate of 4.4 percent annually. The first payment was due in 2009 and at the end of the lease the purchase option is \$1. The Township disbursed \$12,641 to pay lease costs for the year ended December 31, 2009.

Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$12,641
2011	12,641
Total	<u>\$25,282</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 Ridge Township, Van Wert County (the Township) as of and for the years ended December 31, 2009 and 2008 which collectively comprise the Township's basic financial statements and have issued our report thereon dated March 9, 2010, 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

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www.auditor.state.oh.us

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 9, 2010

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER – 2009-001

Material Weakness - Classifying Expenditures and Program Revenues

Not all transaction posted by the Township were appropriately classified. The chart of accounts to be used for posting financial 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 2009, the principal and interest recorded and paid for the lease purchase of the GMAC truck was posted as Debt Service - Interest. An audit adjustment reclassification was made and presented on the accompanying financial statements to present \$24,928 as debt service principal retirement in the Gasoline Tax Fund, the error represents 30% of total fund expenditures.
- During 2009, the principal and interest recorded and paid for the lease purchase of a John Deere tractor and mower was posted as Debt Service – Interest. An audit adjustment reclassification was made and presented on the accompanying financial statements to present \$12,507 as debt service principal retirement in the Road and Bridge Fund, the error represents 11.8% of total fund expenditures.
- During 2008, the principal and interest recorded and paid for the lease purchase of the GMAC truck was posted as Capital Outlay. An audit adjustment reclassification was made and presented on the accompanying financial statements to present \$23,275 as debt service principal retirement and \$3,422 as debt service interest and fiscal charges in the Gasoline Tax Fund, the errors represent 26% of total fund expenditures.

The following items were not appropriately classified between Program Cash Receipts and General Receipts on the government-wide financial statements:

- During 2009 & 2008, the Motor Vehicle License Tax Fund presented Program Cash Receipts of \$2,361 and \$2,589; respectively, as Charges for Services. An audit adjustment reclassification was made and presented on the accompanying government-wide financial statements to include these amounts as Operating Grants, the error represented less than 1% of total receipts.
- During 2008, property tax allocations and interest totaling \$25,480 were presented as Program Cash Receipts. An audit adjustment reclassification was made and presented on the accompanying government-wide financial statements to include these amounts as General Receipts, the errors represent 10% of total receipts.

The failure to follow the UAN chart of accounts when coding financial activity could result in the material misstatement of the financial statement line items for reporting. Also, the failure to appropriately classify Program Cash Receipts and General Receipts fails to provide accurate government wide financial statements.

The Fiscal Officer should review the UAN chart of accounts when posting financial activity to determine which account code best represents the transaction, in addition to further evaluating the distinction between Program Cash Receipts and General Receipts for the entity wide presentation.

Officials Response:

All items will be corrected in 2010.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Health Care Reimbursement	Yes	
2007-002	Debt Issues	Yes	
2007-003	Classifying Revenue and Expenditures	No	Partially Corrected – Revenues properly classified; however, not all expenditures were properly classified Refer to Finding 2009-001



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
MAY 6, 2010**