



Dave Yost • Auditor of State

**RIDGE TOWNSHIP
VAN WERT COUNTY**

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Dave Yost • 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, Ohio (the Township), as of and for the years ended December 31, 2011 and 2010, 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 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(A) mandates 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 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, Ohio, as of December 31, 2011 and 2010, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General and Gas Tax Funds thereof for the years then ended in conformity with the accounting basis Note 2 describes.

As described in Note 3, during 2010 Ridge Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2012, 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.

We conducted our audit to opine on the Township's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

April 13, 2012

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
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, 2011 and 2010, 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 2011 are as follows:

- Net assets of governmental activities increased \$32,283, or 13.9 percent. All governmental funds had an increase in net assets. The General Fund increased \$6,429 or 8.6 percent.
- The Township's general receipts are primarily property taxes and grants and entitlements. These receipts represent 35 and 14 percent, respectively, of the total cash received for governmental activities during the year. Property tax receipts for 2011 decreased \$6,695 compared to 2010 due to a change in providers for fire services.
- The Quarry Operation, the Township's lone business-type activity, increased net assets by \$136,966 or 21 percent from the previous year.
- The Township entered into a lease-purchase agreement for a new Caterpillar Wheel Loader for quarry purposes.

Key highlights for 2010 are as follows:

- Net assets of governmental activities increased \$46,249, or 25 percent. The General Fund increased \$31,932, or 75 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 2010 changed very little compared to 2009 as development within the Township has slowed.
- The quarry operation, the Township's lone business-type activity, increased net assets by \$108,930 or 20 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, 2011 AND 2010
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 2011 and 2010, 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 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, 2011 AND 2010
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 and Gasoline Tax Fund for 2011 and the General Fund, Gasoline Tax Fund, and Public Works Projects Fund for 2010. 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 2011 compared to 2010 on a cash basis:

**(Table 1)
Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Cash and Cash Equivalents	\$264,106	\$231,823	\$795,151	\$658,185	\$1,059,257	\$890,008
Total Assets	<u>264,106</u>	<u>231,823</u>	<u>795,151</u>	<u>658,185</u>	<u>1,059,257</u>	<u>890,008</u>
Net Assets:						
Restricted for:						
Other Purposes	183,303	157,449			183,303	157,449
Unrestricted	80,803	74,374	795,151	658,185	875,954	732,559
Total Net Assets	<u>\$264,106</u>	<u>\$231,823</u>	<u>\$795,151</u>	<u>\$658,185</u>	<u>\$1,059,257</u>	<u>\$890,008</u>

As mentioned previously, net assets of governmental activities increased \$32,283, or 13.9 percent in 2011.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets in 2011 and 2010.

**(Table 2)
Changes in Net Assets**

	Governmental Activities 2011	Business- Type Activities 2011	Total 2011	Governmental Activities 2010	Business- Type Activities 2010	Total 2010
Receipts:						
Program Receipts:						
Charges for Services and sales	\$ 14,595	\$1,253,350	\$1,267,945	\$ 16,200	\$855,793	\$ 871,993
Operating Grants and Contributions	107,109		107,109	110,823		110,823
Capital Grants				53,129		53,129
Total Program Receipts	<u>121,704</u>	<u>1,253,350</u>	<u>1,375,054</u>	<u>180,152</u>	<u>855,793</u>	<u>1,035,945</u>
General Receipts:						
Property and Other Local Taxes	89,259		89,259	95,954		95,954
Grants and Entitlements						
Not Restricted to Specific	36,181		36,181	68,705		68,705
Programs Interest	2,653		2,653	5,468		5,468
Debt Proceeds						
Miscellaneous	5,828	5	5,833	4,700	1,150	5,850
Total General Receipts	<u>133,921</u>	<u>5</u>	<u>133,926</u>	<u>174,827</u>	<u>1,150</u>	<u>175,977</u>
Total Receipts	<u>255,625</u>	<u>1,253,355</u>	<u>1,508,980</u>	<u>354,979</u>	<u>856,943</u>	<u>1,211,922</u>
Disbursements:						
General Government	40,837		40,837	49,566		49,566
Public Safety	28,915		28,915	29,034		29,034
Public Works	102,138		102,138	124,188		124,188
Public Health Services	38,811		38,811	38,977		38,977
Capital Outlay				54,324		54,324
Other						
Debt Service:						
Principal	12,093		12,093	11,569		11,569
Interest	548		548	1,072		1,072
Quarry		1,116,389	1,116,389		748,013	748,013
Total Disbursements	<u>223,342</u>	<u>1,116,389</u>	<u>1,339,731</u>	<u>308,730</u>	<u>748,013</u>	<u>1,056,743</u>
Increase (Decrease) in Net Assets	32,283	136,966	169,249	46,249	108,930	155,179
Net Assets beginning of year	231,823	658,185	890,008	185,574	549,255	734,829
Net Assets end of year	<u>\$264,106</u>	<u>\$ 795,151</u>	<u>\$1,059,257</u>	<u>\$231,823</u>	<u>\$658,185</u>	<u>\$ 890,008</u>

For 2011, general receipts represented 52 percent of Ridge Township's total governmental activity receipts and of this amount 35 percent were property taxes. Estate tax receipts are unpredictable and tend to vary greatly from year to year. 33.6 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. 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, 2011 AND 2010
UNAUDITED
(Continued)**

For 2010, general receipts represent 49 percent of Ridge Township's total governmental activity receipts and of this amount 27 percent were property taxes. Estate tax receipts are unpredictable and tend to vary greatly from year to year. 24.7 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. 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 2011, the major program disbursements for governmental activities were for general government and public works which account for approximately 18 percent and 45.7 percent of all Township disbursements, respectively. For 2010, the major program disbursements for governmental activities were for general government and public works which account for approximately 16 percent and 40 percent of all Township disbursements, respectively. A comparison between the total cost of services and the net cost is presented in Table 3 for 2011 and 2010.

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2011	Net Cost Of Services 2011	Total Cost Of Services 2010	Net Cost Of Services 2010
General Government	\$40,837	(\$ 40,587)	\$ 49,566	(\$49,441)
Public Safety	28,915	(28,615)	29,034	(27,215)
Public Works	102,138	4,671	124,188	(15,184)
Health	38,811	(24,466)	38,977	(22,902)
Capital Outlay			54,324	(1,195)
Debt Service:				
Principal	12,093	(12,093)	11,569	(11,569)
Interest	548	(548)	1,072	(1,072)
Total Expenses	\$223,342	(\$101,638)	\$308,730	(\$128,578)

The dependence upon property tax receipts is apparent as over 40 percent in 2011 and 31 percent in 2010 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.

The Township's Funds

For 2011, the total governmental funds had receipts of \$255,625 and disbursements of \$223,342. For 2010 the total governmental funds had receipts of \$354,979 and disbursements of \$308,730.

In 2011 and 2010, 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.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
UNAUDITED
(Continued)**

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 2011, General Fund receipts were less than budget expectations. Actual receipts were \$67,198 with an expected budget amount of \$78,225, For 2010, actual receipts were more than budget expectations. Actual receipts were \$100,653 with an expected budget amount of \$75,900.

Actual 2011 disbursements in the General Fund amounted to \$60,769 or \$27,383 less than the amount budgeted. Actual 2010 disbursements in the General Fund amounted to \$68,721 or \$21,831 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, 2011**

	Governmental Activities	Business - Type Activities	Total
Assets:			
Equity in Pooled Cash and			
Cash Equivalents	\$264,106	\$795,151	\$1,059,257
Total Assets	\$264,106	\$795,151	\$1,059,257
 Net Assets:			
Restricted for:			
Other Purposes	183,303		183,303
Unrestricted	80,803	795,151	875,954
Total Net Assets	\$264,106	\$795,151	\$1,059,257

See accompanying notes to the basic financial statements.

RIDGE TOWNSHIP
VAN WERT COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	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:						
Current:						
General Government	\$40,837	\$250		(\$40,587)		(\$40,587)
Public Safety	28,915		\$300	(28,615)		(28,615)
Public Works	102,138		106,809	4,671		4,671
Health	38,811	14,345		(24,466)		(24,466)
Debt Service:						
Principal Retirement	12,093			(12,093)		(12,093)
Interest and Fiscal Charges	548			(548)		(548)
Total Governmental Activities	<u>223,342</u>	<u>14,595</u>	<u>107,109</u>	<u>(101,638)</u>		<u>(101,638)</u>
Business Type Activity:						
Quarry	1,116,389	1,253,350			\$136,961	136,961
Total Primary Government	<u>\$1,339,731</u>	<u>\$1,267,945</u>	<u>\$107,109</u>	<u>(101,638)</u>	<u>136,961</u>	<u>35,323</u>
General Receipts:						
Property Taxes Levied for:						
General Purposes				89,259		89,259
Grants and Entitlements not Restricted to Specific Programs				36,181		36,181
Earnings on Investments				2,653		2,653
Miscellaneous				5,828	5	5,833
Total General Receipts				<u>133,921</u>	<u>5</u>	<u>133,926</u>
Change in Net Assets				32,283	136,966	169,249
Net Assets Beginning of Year				<u>231,823</u>	<u>658,185</u>	<u>890,008</u>
Net Assets End of Year				<u>\$264,106</u>	<u>\$795,151</u>	<u>\$1,059,257</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	General	Gasoline Tax	Other Governmental Funds	Total Governmental Funds
Assets:				
Total Assets	\$0	\$0	\$0	\$0
Fund Balances:				
Restricted		\$47,455	\$104,018	\$151,473
Committed			31,830	31,830
Unassigned (Deficit)	\$80,803			80,803
Total Fund Balances	\$80,803	\$47,455	\$135,848	\$264,106

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:				
Property and Other Local Taxes	\$37,086		\$52,173	\$89,259
Licenses, Permits and Fees	250		10,115	10,365
Intergovernmental	27,234	\$85,814	30,242	143,290
Earnings on Investments	2,628	25		2,653
Miscellaneous		91	9,967	10,058
Total Receipts	<u>67,198</u>	<u>85,930</u>	<u>102,497</u>	<u>255,625</u>
Disbursements:				
Current:				
General Government	40,837			40,837
Public Safety			28,915	28,915
Public Works		72,514	29,624	102,138
Health	19,932		18,879	38,811
Debt Service:				
Principal Retirement			12,093	12,093
Interest and Fiscal Charges			548	548
Total Disbursements	<u>60,769</u>	<u>72,514</u>	<u>90,059</u>	<u>223,342</u>
Net Change in Fund Balances	6,429	13,416	12,438	32,283
Fund Balances Beginning of Year	<u>74,374</u>	<u>34,039</u>	<u>123,410</u>	<u>231,823</u>
Fund Balances End of Year	<u><u>\$80,803</u></u>	<u><u>\$47,455</u></u>	<u><u>\$135,848</u></u>	<u><u>\$264,106</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, 2011**

	<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	\$37,900	\$37,900	\$37,086	(\$814)
Licenses, Permits and Fees	500	500	250	(250)
Intergovernmental	33,855	33,855	27,234	(6,621)
Earnings on Investments	6,000	6,000	2,628	(3,372)
Total Receipts	<u>78,255</u>	<u>78,255</u>	<u>67,198</u>	<u>(11,057)</u>
Disbursements:				
Current:				
General Government	67,152	67,152	40,837	26,315
Health	20,000	20,000	19,932	68
Capital Outlay	1,000	1,000		1,000
Total Disbursements	<u>88,152</u>	<u>88,152</u>	<u>60,769</u>	<u>27,383</u>
Net Change in Fund Balance	(9,897)	(9,897)	6,429	16,326
Fund Balance Beginning of Year	<u>74,374</u>	<u>74,374</u>	<u>74,374</u>	<u></u>
Fund Balance End of Year	<u>\$64,477</u>	<u>\$64,477</u>	<u>\$80,803</u>	<u>\$16,326</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$90,000	\$90,000	\$85,814	(4,186)
Earnings on Investments	2,000	2,000	25	(1,975)
Miscellaneous	100	100	91	(9)
Total Receipts	<u>92,100</u>	<u>92,100</u>	<u>85,930</u>	<u>(6,170)</u>
Disbursements:				
Current:				
Public Works	91,500	91,500	72,514	18,986
Total Disbursements	<u>91,500</u>	<u>91,500</u>	<u>72,514</u>	<u>18,986</u>
Net Change in Fund Balance	600	600	13,416	12,816
Fund Balance Beginning of Year	<u>34,039</u>	<u>34,039</u>	<u>34,039</u>	
Fund Balance End of Year	<u><u>\$34,639</u></u>	<u><u>\$34,639</u></u>	<u><u>\$47,455</u></u>	<u><u>\$12,816</u></u>

See accompanying notes to the basic financial statements.

RIDGE TOWNSHIP
VAN WERT COUNTY

STATEMENT OF FUND NET ASSETS - CASH BASIS
PROPREITARY FUND
DECEMBER 31, 2011

	<u>Enterprise Fund</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$795,151
Total Assets	<u>795,151</u>
Net Assets:	
Unrestricted	795,151
Total Net Assets	<u>\$795,151</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Quarry</u>
Operating Receipts:	
Charges for Services	\$1,253,350
Total Operating Receipts	<u>1,253,350</u>
Operating Disbursements:	
Salaries	194,206
Employee Fringe Benefits	218,451
Purchased Services	252,092
Supplies and Materials	105,351
Other	42,739
Total Operating Disbursements	<u>812,839</u>
Operating Income (Loss)	<u>440,511</u>
Non-Operating Receipts (Disbursements):	
Miscellaneous Receipts	5
Capital Outlay	<u>(303,550)</u>
Total Non-Operating Receipts (Disbursements)	<u>(303,545)</u>
Change in Net Assets	136,966
Net Assets Beginning of Year	<u>658,185</u>
Net Assets End of Year	<u><u>\$795,151</u></u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2010**

	Governmental Activities	Business - Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$231,823	\$658,185	\$890,008
Total Assets	\$231,823	\$658,185	\$890,008
Net Assets:			
Restricted for:			
Other Purposes	157,449		157,449
Unrestricted	74,374	658,185	732,559
Total Net Assets	\$231,823	\$658,185	\$890,008

See accompanying notes to the basic financial statements.

RIDGE TOWNSHIP
VAN WERT COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010

	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:							
Current:							
General Government	\$49,566	\$125			(\$49,441)		(\$49,441)
Public Safety	29,034		\$1,819		(27,215)		(27,215)
Public Works	124,188		109,004		(15,184)		(15,184)
Health	38,977	16,075			(22,902)		(22,902)
Capital Outlay	54,324			\$53,129	(1,195)		(1,195)
Debt Service:							
Principal Retirement	11,569				(11,569)		(11,569)
Interest and Fiscal Charges	1,072				(1,072)		(1,072)
Total Governmental Activities	<u>308,730</u>	<u>16,200</u>	<u>110,823</u>	<u>53,129</u>	<u>(128,578)</u>		<u>(128,578)</u>
Business Type Activity							
Quarry	748,013	855,793				\$107,780	107,780
Total Primary Government	<u>\$1,056,743</u>	<u>\$871,993</u>	<u>\$110,823</u>	<u>\$53,129</u>	<u>(128,578)</u>	<u>107,780</u>	<u>(20,798)</u>
General Receipts:							
Property Taxes Levied for:							
General Purposes					95,954		95,954
Grants and Entitlements not Restricted to Specific Programs					68,705		68,705
Earnings on Investments					5,468		5,468
Miscellaneous					4,700	1,150	5,850
Total General Receipts					<u>174,827</u>	<u>1,150</u>	<u>175,977</u>
Change in Net Assets					46,249	108,930	155,179
Net Assets Beginning of Year					185,574	549,255	734,829
Net Assets End of Year					<u>\$231,823</u>	<u>\$658,185</u>	<u>\$890,008</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Public Works Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$74,374	\$34,039		\$123,410	\$231,823
Total Assets	<u>74,374</u>	<u>34,039</u>	<u>\$0</u>	<u>123,410</u>	<u>231,823</u>
Fund Balances:					
Restricted		34,039		93,369	127,408
Committed				30,041	30,041
Unassigned (Deficit)	74,374				74,374
Total Fund Balances	<u>\$74,374</u>	<u>\$34,039</u>	<u>\$0</u>	<u>\$123,410</u>	<u>\$231,823</u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Public Works Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:					
Property and Other Local Taxes	\$36,534			\$59,420	\$95,954
Licenses, Permits and Fees	125			9,965	10,090
Intergovernmental	58,549	\$87,839	\$53,129	33,140	232,657
Earnings on Investments	5,445	17		6	5,468
Miscellaneous				10,810	10,810
Total Receipts	<u>100,653</u>	<u>87,856</u>	<u>53,129</u>	<u>113,341</u>	<u>354,979</u>
Disbursements:					
Current:					
General Government	49,566				49,566
Public Safety				29,034	29,034
Public Works		82,436		41,752	124,188
Health	19,155			19,822	38,977
Capital Outlay			53,129	1,195	54,324
Debt Service:					
Principal Retirement				11,569	11,569
Interest and Fiscal Charges				1,072	1,072
Total Disbursements	<u>68,721</u>	<u>82,436</u>	<u>53,129</u>	<u>104,444</u>	<u>308,730</u>
Net Change in Fund Balances	31,932	5,420		8,897	46,249
Fund Balances Beginning of Year	<u>42,442</u>	<u>28,619</u>		<u>114,513</u>	<u>185,574</u>
Fund Balances End of Year	<u>\$74,374</u>	<u>\$34,039</u>	<u>\$0</u>	<u>\$123,410</u>	<u>\$231,823</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, 2010**

	<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	\$36,534	(\$2,566)
Licenses, Permits and Fees	500	500	125	(375)
Intergovernmental	33,300	33,300	58,549	25,249
Earnings on Investments	3,000	3,000	5,445	2,445
Total Receipts	<u>75,900</u>	<u>75,900</u>	<u>100,653</u>	<u>24,753</u>
Disbursements:				
Current:				
General Government	69,552	69,852	49,566	20,286
Health	20,000	20,000	19,155	845
Capital Outlay	1,000	700		700
Total Disbursements	<u>90,552</u>	<u>90,552</u>	<u>68,721</u>	<u>21,831</u>
Net Change in Fund Balance	(14,652)	(14,652)	31,932	46,584
Fund Balance Beginning of Year	<u>42,442</u>	<u>42,442</u>	<u>42,442</u>	
Fund Balance End of Year	<u><u>\$27,790</u></u>	<u><u>\$27,790</u></u>	<u><u>\$74,374</u></u>	<u><u>\$46,584</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, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$90,000	\$90,000	\$87,839	(2,161)
Earnings on Investments	2,000	2,000	17	(1,983)
Miscellaneous	100	100		(100)
Total Receipts	<u>92,100</u>	<u>92,100</u>	<u>87,856</u>	<u>(4,244)</u>
Disbursements:				
Current:				
Public Works	91,300	100,300	82,436	17,864
Total Disbursements	<u>91,300</u>	<u>100,300</u>	<u>82,436</u>	<u>17,864</u>
Net Change in Fund Balance	800	(8,200)	5,420	13,620
Fund Balance Beginning of Year	<u>28,619</u>	<u>28,619</u>	<u>28,619</u>	
Fund Balance End of Year	<u><u>\$29,419</u></u>	<u><u>\$20,419</u></u>	<u><u>\$34,039</u></u>	<u><u>\$13,620</u></u>

See accompanying notes to the basic financial statements.

RIDGE TOWNSHIP
VAN WERT COUNTY

STATEMENT OF FUND NET ASSETS - CASH BASIS
PROPREITARY FUND
DECEMBER 31, 2010

	<u>Enterprise Fund</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$658,185</u>
Total Assets	<u><u>\$658,185</u></u>
Net Assets:	
Unrestricted	<u>\$658,185</u>
Total Net Assets	<u><u>\$658,185</u></u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Quarry</u>
Operating Receipts	
Charges for Services	\$855,793
Total Operating Receipts	<u>855,793</u>
Operating Disbursements:	
Salaries	182,084
Employee Fringe Benefits	210,272
Purchased Services	245,540
Supplies and Materials	76,380
Other	19,737
Total Operating Disbursements	<u>734,013</u>
Operating Income (Loss)	<u>121,780</u>
Non-Operating Receipts (Disbursements):	
Miscellaneous Receipts	1,150
Capital Outlay	<u>(14,000)</u>
Total Non-Operating Receipts (Disbursements)	<u>(12,850)</u>
Change in Net Assets	108,930
Net Assets Beginning of Year	<u>549,255</u>
Net Assets End of Year	<u><u>\$658,185</u></u>

See accompanying notes to the basic financial statements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010**

1. DESCRIPTION OF ENTITY

Ridge Township, Van Wert County, Ohio (the Township) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected 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 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. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township. The Township has no component units.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting section of this Note, 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. 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, 2011 AND 2010
(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, 2011 AND 2010
(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 2011, the Township's major governmental funds were the General Fund and Gasoline Tax Fund. In 2010, the Township's major governmental funds were the General Fund, Gasoline Tax Fund, and Public Works Projects Fund.

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Gasoline Tax Fund - This fund receives gasoline tax monies for constructing, maintaining, and repair of Township roads

Public Works Projects Fund – The public works projects fund accounts for and reports State OPWC grant money restricted for the purpose of improving Township infrastructure.

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, 2011 AND 2010
(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 ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. 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 2011 was \$2,628 and during 2010 was \$5,445.

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 or enabling legislation. 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, 2011 AND 2010
(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 Note 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long Term Obligations

The Township's 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 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. 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.

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non-spendable - The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned - Un-assigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

3. CHANGE IN ACCOUNTING PRINCIPLE

For 2010, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General fund and the Gasoline Tax Fund for both 2011 and 2010 is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There were no differences between the budgetary basis and the cash basis as reported for both 2011 and 2010 since there are no encumbrances reported at year end.

5. EQUITY IN POOLED CASH

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.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

5. EQUITY IN POOLED CASH (Continued)

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.

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. Payments for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

5. EQUITY IN POOLED CASH (Continued)

A. Deposits

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, 2011 and 2010, \$204,877 and \$37,302, respectively, of the Township's bank balance of \$1,063,326 and \$893,097, respectively 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.

6. PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2011 and 2010, was \$3.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

	<u>2011</u>	<u>2010</u>
Real Property		
Residential	\$25,834,360	\$26,407,650
Agricultural	14,233,480	8,082,880
Commercial/Industrial/Mineral	949,880	883,140
Tangible Personal Property		
Public Utility	867,400	838,370
Total Assessed Value	<u>\$41,885,120</u>	<u>\$36,212,040</u>

The 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.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

8. 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 Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan Benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension 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. Interested parties may obtain a copy 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 and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions. Members in the state and local divisions may participate in all three plans. For 2011 and 2010 member and employer contribution rates were consistent across all three plans.

The Township's 2011 and 2010 contribution rate was 14 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010.

The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

8. DEFINED BENEFIT PENSION PLAN (Continued)

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$36,659, \$35,198, and \$21,189 respectively. The full amount has been contributed for 2011, 2010 and 2009. Contributions to the Member-Directed Plan for both 2011 and 2010 were \$1,344 made by the Township and \$960 made by plan members.

9. POST-EMPLOYMENT BENEFITS

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented 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 health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011 and 2010, state and local employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011.

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

9. POST-EMPLOYMENT BENEFITS (Continued)

The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$10,474, \$12,768, and \$15,344, respectively; 100 percent has been contributed for 2011, 2010, and 2009.

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 increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

10. FUND BALANCES

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

2011 Fund Balances	General	Gasoline Tax	Other Governmental Funds	Total
Restricted for:				
Motor Vehicle License Tax			\$ 9,235	\$ 9,235
Gasoline Tax		\$47,455		47,455
Cemetery			32,128	32,128
Fire District (West and East)			61,010	61,010
Permissive Motor Vehicle License Tax			1,645	1,645
Total Restricted		47,455	104,018	151,473
Committed to				
Road and Bridge			31,830	31,830
Unassigned (Deficit)	\$80,803			80,803
Total Fund Balances	\$80,803	\$47,455	\$135,848	\$264,106

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIS FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010
(Continued)**

10. FUND BALANCES (Continued)

2010 Fund Balances	General	Gasoline Tax	Public Works Projects	Other Governmental Funds	Total
Restricted for:					
Motor Vehicle License Tax				\$ 2,850	\$ 2,850
Gasoline Tax		\$34,039			34,039
Cemetery				30,925	30,925
Fire District (West and East)				58,877	58,877
Permissive Motor Vehicle License Tax				717	717
Total Restricted		34,039		93,369	127,408
Committed to:					
Road and Bridge				30,041	30,041
Unassigned (Deficit)	\$74,374				74,374
Total Fund Balances	\$74,374	\$34,039	\$0	\$123,410	\$231,823

11. LEASES

The Township leased a John Deere mower under a Municipal Lease–Purchase Agreement. The total amount financed was payable in 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 1, 2011 and 2010. The lease was ended in 2011.

The Township leased a Caterpillar Wheel Loader under a Municipal Lease–Purchase Agreement. The total amount financed was payable in five annual payments of \$36,312 at an interest rate of percent of 3.75 annually. The first payment is due in 2012 and at the end of the lease the purchase option is \$1.

Future lease payments are as follows:

Year	Amount
2012	\$ 36,312
2013	36,312
2014	36,312
2015	36,312
2016	36,312
Total	<u>\$181,560</u>

12. 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.



Dave Yost • 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 Ridge Township, Van Wert County, (the Township) as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Township's basic financial statements and have issued our report thereon dated April 13, 2012, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles and adopted Governmental Accounting Standards Board Statement 54. We also noted 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(A) mandates 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

April 13, 2012

**RIDGE TOWNSHIP
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Material Weakness – Classifying Expenditures and Program Revenues	Yes	

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Dave Yost • Auditor of State

RIDGE TOWNSHIP

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 22, 2012