

**Village of Ridgeway
Financial Statements
December 31, 2008 and 2007**



Mary Taylor, CPA

Auditor of State

Village Council
Village of Ridgeway
103 South Main Street
P.O. Box 23
Ridgeway, Ohio 43345

We have reviewed the *Independent Auditors' Report* of the Village of Ridgeway, Hardin County, prepared by Taylor, Applegate, Hughes & Associates, Ltd., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Ridgeway is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 21, 2009

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

THIS PAGE INTENTIONALLY LEFT BLANK

Village of Ridgeway
Financial Statements
December 31, 2008 and 2007

Table of Contents

<u>Title</u>	<u>Page</u>
Report of Independent Accountants	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances –all Governmental Fund Types For the Year Ended December 31, 2008	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances- Proprietary Fund Type and Similar Fiduciary Fund For the Year Ended December 31, 2008	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the year Ended December 31, 2007	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type and Similar Fiduciary Fund For the Year Ended December 31, 2007	4
Notes to the Financial Statements	5-12
Schedule of Expenditures of Federal Awards	13
Notes to the Schedule of Expenditures of Federal Awards	14
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15-16
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	17-18
Schedule of Findings	19

THIS PAGE INTENTIONALLY LEFT BLANK

Taylor Applegate Hughes

AND ASSOCIATES, LTD

CERTIFIED PUBLIC
ACCOUNTANTS +
BUSINESS ADVISORS

Keith O. Applegate, CPA

Kathleen M. Hughes, CPA

Richard R. Taylor, CPA
(1931-1998)

Julie L. Griffin, CPA

Kristi L. Leeth, CPA

Valerie Friley Walker, CPA

Sara M. Bratka, CPA

INDEPENDENT AUDITORS' REPORT

Village of Ridgeway
Hardin County
P.O. Box 23
103 South Main Street
Ridgeway, Ohio 43345

To the Honorable Mayor and Village Council:

We have audited the accompanying financial statements of the Village of Ridgeway, Hardin County, Ohio, (the Village), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governmental units to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in

629 E. High Street
Springfield, Ohio 45505

phone 937.325.1538
fax 937.325.8242
cpa@applegatehughes.com

conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or their changes in financial position or cash flows of its proprietary funds for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note I.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 22, 2009 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Ridgeway, Ohio's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Village of Ridgeway, Ohio. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Taylor, Applegate, Hughes & Assoc., Ltd.

Taylor, Applegate, Hughes and Associates, Ltd.
June 22, 2009

VILLAGE OF RIDGEWAY

HARDIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND

CASH BALANCES - ALL GOVERNMENTAL FUNDS TYPES

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Governmental Fund Types</u>				<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>(Memorandum Only)</u>
Cash Receipts:					
Property and Local Taxes	\$ 8,388	\$ 8,397	\$ -	\$ -	\$ 16,785
Municipal Income Tax	27,904	-	-	-	27,904
Intergovernmental Receipts	8,256	16,964	31,545	-	56,765
Charges for services	374	3,761	-	-	4,135
Fines, licenses, and permits	1,655	-	-	-	1,655
Interest	1,560	1,765	-	5	3,330
Miscellaneous	-	1,060	-	-	1,060
Total Cash Receipts	<u>48,137</u>	<u>31,947</u>	<u>31,545</u>	<u>5</u>	<u>111,634</u>
Cash Disbursements:					
Current:					
Security of persons and property	8,801	9,345	-	-	18,146
Public health services	7,213	-	-	-	7,213
Leisure time activities	-	411	-	-	411
Basic Utility Services	935	-	-	-	935
Transportation	-	9,990	-	-	9,990
General government	22,550	150	-	-	22,700
Capital Outlay	-	-	140,545	-	140,545
Debt Service					
Principal Payment	-	-	-	-	-
Interest and Fiscal Charges	2,874	-	-	-	2,874
Total Cash Disbursements	<u>42,373</u>	<u>19,896</u>	<u>140,545</u>	<u>-</u>	<u>202,814</u>
Total receipts over/(under) disbursements	<u>5,764</u>	<u>12,051</u>	<u>(109,000)</u>	<u>5</u>	<u>(91,180)</u>
Other financing receipts/(disbursements):					
Sale of fixed assets	-	1,000	-	-	1,000
Interest and Other Fiscal Charges	-	-	-	(2)	(2)
Other Financing Sources	234	440	-	-	674
Total other financing receipts/(disbursements)	<u>234</u>	<u>1,440</u>	<u>-</u>	<u>(2)</u>	<u>1,672</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	<u>5,998</u>	<u>13,491</u>	<u>(109,000)</u>	<u>3</u>	<u>(89,508)</u>
Fund cash balances January 1, 2008	\$ 34,904	\$ 103,620	\$ 109,000	\$ 306	\$ 247,830
Fund cash balances, December 31, 2008	<u>\$ 40,902</u>	<u>\$ 117,111</u>	<u>\$ -</u>	<u>\$ 309</u>	<u>\$ 158,322</u>
Reserve for encumbrance, December 31, 2008	<u>\$ 254</u>	<u>\$ 148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 402</u>

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

**VILLAGE OF RIDGEWAY
HARDIN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - PROPRIETARY FUNDS TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Proprietary Funds Enterprise	Total (Memorandum Only)
Cash Receipts:		
Miscellaneous	\$ -	\$ -
Total Cash receipts	-	-
Cash Disbursements:		
Personal Services	4,375	4,375
Supplies and Materials	893	893
Total Cash Disbursements	5,268	5,268
Operating Income/(loss)	(5,268)	(5,268)
Non-operating cash receipts and disbursements:		
Intergovernmental	-	-
Proceeds from loans	372,209	372,209
Proceeds from grants	791,698	791,698
Capital Outlay	(1,225,598)	(1,225,598)
Special Assessments	41,813	41,813
Total non-operating cash receipts and disbursements	(19,878)	(19,878)
Net receipts over/(under) disbursements	(25,146)	(25,146)
Fund cash balances, January 1, 2008	\$ 73,910	\$ 73,910
Fund cash balances, December 31, 2008	\$ 48,764	\$ 48,764
Reserve for encumbrance, December 31, 2008	\$ -	\$ -

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

**VILLAGE OF RIDGEWAY
HARDIN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUNDS TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Governmental Fund Types</u>				<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>(Memorandum Only)</u>
Cash Receipts:					
Property and Local Taxes	\$ 5,039	\$ 7,767	\$ -	\$ -	\$ 12,806
Municipal Income Tax	33,478	-	-	-	33,478
Intergovernmental	8,386	18,207	193,555	-	220,148
Charges for services	2,691	1,761	-	-	4,452
Fines, licenses, and permits	1,089	-	-	-	1,089
Interest	1,349	977	-	3	2,329
Miscellaneous	-	2,228	-	-	2,228
Total Cash Receipts	<u>52,032</u>	<u>30,940</u>	<u>193,555</u>	<u>3</u>	<u>276,530</u>
Cash Disbursements:					
Current:					
Security of persons and property	7,741	11,633	-	-	19,374
Public health services	5,747	-	-	-	5,747
Leisure Time Activities	-	615	-	-	615
Basic Utility Services	1,286	-	-	-	1,286
Transportation	-	9,777	-	-	9,777
General government	23,128	147	-	-	23,275
Capital Outlay	-	-	84,555	-	84,555
Debt Service					
Principal Payment	-	-	-	-	-
Interest and Fiscal Charges	7,532	-	-	-	7,532
Total Cash Disbursements	<u>45,434</u>	<u>22,172</u>	<u>84,555</u>	<u>-</u>	<u>152,161</u>
Total receipts over/(under) disbursements	<u>6,598</u>	<u>8,768</u>	<u>109,000</u>	<u>3</u>	<u>124,369</u>
Other financing receipts/(disbursements):					
Other Financing Sources	252	242	-	-	494
Sale of Fixed Assets	-	-	-	-	-
Total other financing receipts/(disbursements)	<u>252</u>	<u>242</u>	<u>-</u>	<u>-</u>	<u>494</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	<u>6,850</u>	<u>9,010</u>	<u>109,000</u>	<u>3</u>	<u>124,863</u>
Fund cash balances, January 1, 2007	\$ 28,053	\$ 94,611	\$ -	\$ 303	\$ 122,967
Fund cash balances, December 31, 2007	<u>\$ 34,903</u>	<u>\$ 103,621</u>	<u>\$ 109,000</u>	<u>\$ 306</u>	<u>\$ 247,830</u>
Reserve for encumbrance, December 31, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,000</u>	<u>\$ -</u>	<u>\$ 109,000</u>

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

VILLAGE OF RIDGEWAY

HARDIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND

CASH BALANCES - PROPRIETARY FUNDS TYPES

FOR THE YEAR ENDED DECEMBER 31, 2007

	Proprietary Funds Enterprise	Total (Memorandum Only)
Cash Receipts:		
Charges for Services	\$ -	\$ -
Miscellaneous	-	-
	<hr/>	<hr/>
Total Cash receipts	-	-
	<hr/>	<hr/>
Cash Disbursements:		
Personal services	4,581	4,581
Supplies and Materials	4,861	4,861
	<hr/>	<hr/>
Total Cash Disbursements	9,442	9,442
	<hr/>	<hr/>
Operating Income/(loss)	(9,442)	(9,442)
	<hr/>	<hr/>
Non-operating cash receipts and disbursements:		
Proceeds from loan	7,240	7,240
Capital Outlay	(25,260)	(25,260)
Redemption of Principal	(5,000)	(5,000)
Special Assessments	43,303	43,303
	<hr/>	<hr/>
Total non-operating cash disbursements	20,283	20,283
	<hr/>	<hr/>
Net receipts over/(under) disbursements	10,841	10,841
	<hr/>	<hr/>
Fund cash balances, January 1, 2007	\$ 63,069	\$ 63,069
	<hr/>	<hr/>
Fund cash balances, December 31, 2007	\$ 73,910	\$ 73,910
	<hr/>	<hr/>
Reserve for encumbrance, December 31, 2007	\$ 7,000	\$ 7,000
	<hr/>	<hr/>

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

**VILLAGE OF RIDGEWAY
HARDIN COUNTY
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Ridgeway, Hardin County, (the Village) 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. A publicly elected six-member Council governs the Village. The Village provides general governmental services, street maintenance and cemetery maintenance. The Village contracts with the Hardin County Sheriff's department to provide security of persons and property. The Village supports a volunteer fire department through the Special Revenue Fire Apparatus Fund.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made, i.e., when an encumbrance is approved.

These statements include adequate disclosures of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Village of Ridgeway maintains its cash deposits in an interest-bearing checking account and certificates of deposit.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**VILLAGE OF RIDGEWAY
HARDIN COUNTY
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

State Highway Fund - This fund received gasoline tax and motor vehicle tax money for the state's share of the cost of constructing, widening, maintaining, and reconstructing the state highways.

Fire Apparatus Fund – This fund receives property tax money to provide fire protection for the Village residents.

Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following Capital Project Funds:

2007 Volunteer Fire Department Grants - The Ridgeway Fire Department received an Assistance to Firefighters Grant from the United States Department of Homeland Security in the amount of \$190,000 to purchase a fire truck and chassis. The Ridgeway Fire Department also received a grant amounting to \$3,555 from the Ohio Department of Commerce Division of State Fire Marshall to be used to purchase new helmets.

2008 Volunteer Fire Department Grants - The Ridgeway Fire Department received three grants from the Ohio Department of Commerce Division of State Fire Marshall. A grant in the amount of \$250 was to support firefighter training, another in the amount of \$5,835 was for the purchase of new firefighter communication equipment and another in the amount of \$25,725 was for the purchase of new firefighter turnout gear.

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant enterprise funds:

**VILLAGE OF RIDGEWAY
HARDIN COUNTY
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Sewer Operating Fund – This fund’s revenue is derived from a monthly assessment on customers. The revenue will be used for payment of debt and will be used for maintenance of the sewer plant when it becomes operational.

Permanent Fund

Permanent funds are used to account for resources restricted by legally binding trust agreements. The Village had the following significant Permanent Fund:

Bailey Cemetery Bequest Fund – This fund accounts for monies that were donated and are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over and need not be re-appropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**VILLAGE OF RIDGEWAY
HARDIN COUNTY
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant and Equipment

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

2. Equity in Pooled Cash and Investments

The Village maintains a cash and investments pool used by all funds. The Ohio Revised code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2008	2007
Demand Deposits	\$ 176,388	\$ 321,434
Savings Account	309	306
Certificates of Deposit	<u>30,389</u>	<u>0</u>
 Total deposits and investments	 <u>\$ 207,086</u>	 <u>\$ 321,740</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) covered by specific collateral held by third party trustees.

3. Budgetary Activity

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not encumber all commitments required by Ohio law. Adjustments were made to the budgetary activity in order to accurately present estimated receipts.

Budgetary activity for the year ending December 31, 2008, was as follows:

2008 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 63,513	\$ 48,371	\$ (15,142)
Special Revenue	162,117	33,387	(128,730)
Capital Projects	0	31,545	31,545
Enterprise	2,990,999	1,205,720	(1,785,279)
Permanent	<u>5</u>	<u>5</u>	<u>0</u>
Total	<u>\$ 3,216,634</u>	<u>\$ 1,319,028</u>	<u>\$ (1,897,606)</u>

**VILLAGE OF RIDGEWAY
HARDIN COUNTY
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 87,600	\$ 42,627	\$ 44,973
Special Revenue	166,270	20,044	146,226
Capital Projects	0	140,545	(140,545)
Enterprise	2,992,649	1,230,866	1,761,783
Permanent	<u>2</u>	<u>2</u>	<u>0</u>
Total	<u>\$ 3,246,521</u>	<u>\$ 1,434,084</u>	<u>\$ 1,812,437</u>

Budgetary activity for the year ending December 31, 2007, was as follows:

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 66,079	\$ 52,284	\$ (13,795)
Special Revenue	233,197	31,182	(202,015)
Capital Projects	0	193,555	193,555
Enterprise	414,220	50,543	(363,677)
Permanent	<u>2</u>	<u>3</u>	<u>1</u>
Total	<u>\$ 713,498</u>	<u>\$ 327,567</u>	<u>\$ (385,931)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 67,965	\$ 45,434	\$ 22,531
Special Revenue	246,705	22,172	224,533
Capital Projects	0	193,555	(193,555)
Enterprise	402,819	46,702	356,117
Permanent	<u>5</u>	<u>0</u>	<u>5</u>
Total	<u>\$ 717,494</u>	<u>\$ 307,863</u>	<u>\$ 409,631</u>

Contrary to Ohio law, the Village had instances where a reduced certificate of estimated resources should have been obtained.

Contrary to Ohio law, the Village had instances where appropriations were amended but there was not evidence of an amended certificate approved by the county budget commission.

**VILLAGE OF RIDGEWAY
HARDIN COUNTY
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the county by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. Income Tax

The Village levies a one half percent income tax on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village are required to withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a declaration annually.

6. Debt

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 4917	\$577,594	2.65%

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 4561	\$194,318	5.09%

In 2008, the Village of Ridgeway was approved for a loan from the Ohio Water Development Authority (OWDA) in the amount of \$1,037,561. A principal amount of \$365,209 was received by the Village in 2008. The proceeds of the loan are to be used towards the building of a sewer collection facility.

**VILLAGE OF RIDGEWAY
HARDIN COUNTY
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

6. Debt (Continued)

The Ohio Water Development Authority (OWDA) loan has not been fully disbursed as of December 31, 2008 and thus a debt requirement schedule has not been presented. The OWDA will provide an amortization schedule upon the loan being fully disbursed.

7. Retirement System

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. The plan provides retirement benefits, including post retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007, OPERS members contributed 9% of their gross salaries. The Village contributed an amount equal to 13.85% of participants' gross salaries. For 2008, OPERS members paid 10% of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

8. Social Benefit Plan

The elected officials, with the exception of the Village Mayor, Financial Officer, and Village Solicitor, contribute 6.2% of their gross salaries to Social Security. The Village contributed an amount equal to 6.2% of participant's gross salaries. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2008 and 2007, these officials contributed gross salaries through December 31, 2007. The Village has outstanding contributions to Internal Revenue Service of \$389.08 as of December 31, 2008.

9. Risk Management

Risk Pool Membership

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Workers' Compensation

For fiscal year 2008 and 2007, the Village participated in the Ohio Municipal League Workers' Compensation Group Rating Program (GRP), and insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Village by virtue of

**VILLAGE OF RIDGEWAY
HARDIN COUNTY
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2007**

9. Risk Management (Continued)

Workers' Compensation (Continued)

its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating municipalities is calculated as one experience and a common premium rate is applied to all municipalities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund."

This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to municipalities that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**VILLAGE OF RIDGEWAY, OHIO
HARDIN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
United States Department of Housing and Urban Development	14.228	
Passed through from State of Ohio Department of Development		
Community Development Block Grant No. C-W-07-217-1		<u>490,000</u>
Total		490,000
United States Department of Agriculture - Loan	10.760	
Passed through from Ohio Water Development Authority		
Water and Waste Disposal Systems for Rural Communities		<u>365,209</u>
Total		365,209
United States Department of Agriculture - Grant	10.760	
Passed through from Ohio Water Development Authority		
Water and Waste Disposal Systems for Rural Communities		<u>301,698</u>
Total		301,698
Total Federal Expenditures		<u><u>1,156,907</u></u>

The notes to the Schedule of Federal Awards Expenditures are an integral part of this schedule

**VILLAGE OF RIDGEWAY
HARDIN COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the village's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the Village contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



TaylorApplegateHughes
AND ASSOCIATES, LTD

CERTIFIED PUBLIC
ACCOUNTANTS +
BUSINESS ADVISORS

**Independent Accountants' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Required by *Government
Auditing Standards***

Village of Ridgeway
Hardin County
P.O. Box 23
103 South Main Street
Ridgeway, Ohio 43345

To the Honorable Mayor and Village Council:

We have audited the financial statements of the Village of Ridgeway, Hardin County, Ohio (the Village) as of and for the years ended December 31, 2008, and December 31, 2007, and have issued our report thereon dated June 22, 2009 wherein we noted the Village of Ridgeway prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Village as of and for the years ended December 31, 2008 and 2007, in accordance with auditing standards generally accepted in the United State of America, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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

Internal Control Over Financial Reporting (continued)

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

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2008-01, 2008-02, 2008-03, 2008-04, 2008-05, 2008-06, and 2008-08.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

We believe significant deficiencies 2008-01 and 2008-02 described above are material weaknesses.

We noted other matters involving the internal control over financial reporting, which we have reported to management of the Village in a separate letter dated June 22, 2009.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which is disclosed in the accompanying Schedule of Findings as items 2008-01, 2008-05, 2008-06, 2008-07, 2008-08, and 2008-09.

We noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated June 22, 2009.

This communication is intended solely for the information and use of the Village management, others within the entity, Ohio Auditor of State, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Taylor, Applegate, Hughes & Assoc., Ltd.

Taylor, Applegate, Hughes and Associates, Ltd.
June 22, 2009



AND ASSOCIATES, LTD

CERTIFIED PUBLIC
ACCOUNTANTS +
BUSINESS ADVISORS

Keith O. Applegate, CPA

Kathleen M. Hughes, CPA

Richard R. Taylor, CPA
(1931-1998)

Julie L. Griffin, CPA

Kristi L. Leeth, CPA

Valerie Friley Walker, CPA

Sara M. Bratka, CPA

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Members of Village Council
Village of Ridgeway, Ohio

Compliance

We have audited the compliance of Village of Ridgeway, Ohio with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The Village of Ridgeway, Ohio's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Village of Ridgeway, Ohio's management. Our responsibility is to express an opinion on the Village of Ridgeway, Ohio's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Ridgeway, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Village of Ridgeway, Ohio's compliance with those requirements.

In our opinion the Village of Ridgeway, Ohio complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2008.

Internal Control Over Compliance

The management of the Village of Ridgeway, Ohio is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Ridgeway, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village of Ridgeway, Ohio's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the organization's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the organization's internal control.

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

This report is intended solely for the information and use of management, Village Council, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Taylor, Applegate, Hughes & Assoc., Ltd.

Taylor, Applegate, Hughes and Associates, Ltd.
Springfield, Ohio
June 22, 2009

**VILLAGE OF RIDGEWAY, HARDIN COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133
FOR THE YEAR ENDED DECEMBER 31, 2008**

Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the general-purpose financial statements of Village of Ridgeway, Hardin County.
2. Significant deficiencies were noted during the audit of the financial statements and are reported as Finding Numbers 2008-01, 2008-02, 2008-03, 2008-04, 2008-05, 2008-06, 2008-08 in the attached Schedule of Findings.
3. Six instances of noncompliance material to the financial statements of Village of Ridgeway, Hardin County, which are required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit. They are Finding Numbers 2008-01, 2008-05, 2008-06, 2008-07, 2008-08, and 2008-09 in the attached Schedule of Findings.
4. No significant deficiencies, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit of internal control over major federal award programs.
5. Material weaknesses were noted during the audit of the financial statements and are reported as Finding Numbers 2008-01 and 2008-02 in the attached Schedule of Findings.
6. No material weaknesses, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit of internal control over major federal award programs.
7. The auditor's report on compliance for the major federal awards programs for Village of Ridgeway, Hardin County expresses an unqualified opinion on all major federal programs.
8. There were no audit findings relative to the major federal award programs for Village of Ridgeway, Hardin County.
9. The programs tested as major programs included: Water and Waste Disposal Systems for Rural Communities (CFDA 10.760) and Community Development Block Grant (CFDA 14.228)
10. The threshold used for distinguishing between Type A and B programs was \$300,000.
11. Village of Ridgeway, Hardin County did not qualify as a low-risk auditee.

**VILLAGE OF RIDGEWAY
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008 – 01

Significant Deficiency/Material Weakness/Non-compliance

Posting Estimated Revenues

Ohio Rev. Code Section 5705.36 (A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

The Village recorded amounts in the Uniform Accounting Network (UAN) System for 2007 that did not coincide with amounts submitted to the County Budget Commission. Some of the unencumbered beginning fund balances reported to the County Budget Commission were less than the prior year's ending balances reported in the UAN System and the audited financial statements. The Enterprise Fund's 2007 unencumbered opening balance was not reduced by a 2006 encumbrance of \$13,000. Additionally, there was a \$7,000 encumbrance in 2007 that was not included as part of the Certificate of the Total Amount from All Sources Available for Expenditures and Balances report submitted to the County Budget Commission. There is no indication that an additional amended certificate of estimated resources request was submitted and approval obtained for such. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts.

The Fiscal Officer also did not request a reduced amended certificate for either 2007 or 2008 whereby estimated available resources exceeded actual receipts by more than \$550,000 in 2007 and \$2,000,000 in 2008.

Procedures should be implemented to make sure that additional amended certificates of estimated resources are requested as necessary and that the amounts from the most recent amended official certificate of estimated resources coincides with those recorded in the UAN System.

Client Response: No Response

FINDING NUMBER 2008-02

Significant Deficiency/Material Weaknesses

Appropriate Classification of Recorded Receipts and Expenditures

During 2008, there were several instances noted whereby the Village received monies from income taxes, real estate taxes, local government distributions or tax levies that were not posted into accurate classifications.

Furthermore, the Fiscal Officer recorded the purchase of two Certificates of Deposit of \$15,000 each as an increase in expenditures rather than as an investment in the Street Construction Maintenance and Repair Fund.

We recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper classification and posting of the above mentioned receipts and to apply the guidance consistently. We further recommend that the Fiscal Officer seek assistance from peers or UAN software support services regarding the recording of any infrequent or unfamiliar transactions.

Client Response: This has been corrected.

FINDING NUMBER 2008 – 03

Significant Deficiency

Amending Payroll Reports

The 2005 and 2006 Form W-2s and W-3 reported incorrect amounts of Medicare withholding. The Village Solicitor did not have Medicare withheld from his wages. All employees are required to have Medicare withheld from their earnings.

In addition, the amount of wages subject to Medicare taxes was incorrect on the quarterly Form 941s for 2005 and 2006, indicating an underpayment for Medicare employee withholdings and employer contributions. Also, the “Retirement Plan” box was not marked on the W-2s of those employees who contributed to the Public Employees Retirement System (PERS). These errors or omissions in reporting proper wage and withholding amounts on the specified reporting forms put the Village at risk for penalties from taxing authorities.

Village of Ridgeway
Hardin County
Schedule of Findings

We recommended in our prior audit that corrected W-2s and W-3s be prepared for the Village Solicitor for Medicare wages received in 2005 and 2006 with the appropriate Medicare tax withholdings and contributions reported. Corrected Form 941s should have been prepared for every quarter of 2005 and 2006 that reflected the inclusion of the Village Solicitor's wages and Medicare tax employee withholdings and employer contributions. The corrected W-2s should have had the "Retirement Plan" box marked. We also noted during our prior audit that the annual wage amounts reported on the W-3, the quarterly Form 941s and the Regional Income Tax Agency Form 17 did not agree with one another. We recommended that the Village Fiscal Officer make sure that all year-end reports reflect agreement with each other for annual wage totals before submitting them.

Client Response: The Village Fiscal Officer did not amend these reports until 2009, at which time the Village was notified by the Internal Revenue Service that the statute of limitations to collect and charge additional tax had expired. The Village Fiscal Officer has begun appropriate Medicare withholdings for the Village Solicitor.

FINDING NUMBER 2008 – 04

Significant Deficiency

Unrecorded Advance

Advances are temporary loans to other funds which are ultimately going to be repaid. Advances must be made from a less restricted fund to a more restricted fund. The Village council must pass a resolution authorizing an advance. The resolution should include, at a minimum, the following information: 1) amount of the advance; 2) name of the fund loaning the money and the name of the fund receiving the money; and, 3) an estimated date of repayment. The intent of a cash advance is to require repayment within the current year.

In 2005, the Village Fiscal Officer purchased a computer, printer, billing software program, and preprinted statements totaling \$1,490 to be used to prepare sewer fund billing statements and to record sewer fund receipts. The money for these items was advanced from the General Fund. While there was approval for the purchase of the items, there was not an indication at that time that a resolution was passed to advance these monies from the General Fund for items for the Enterprise Fund. The advance does not appear to have been repaid since that time.

We recommend that the Village determine whether or not the advance will be repaid or convert the advance to a transfer as authorized in O.R.C. Sections 5705.14 to 5705.16 and that a formal resolution be passed and recorded.

Client Response: No Response.

FINDING NUMBER 2008 – 05

Significant Deficiency/Non-compliance

Depository Agreement

Ohio Revised Code Section 135.12 requires the governing body designate an eligible depository for a five year period. The current depository agreement is for a period of not more than two years.

We recommend that when the depository agreement is revised, the agreement period be revised to reflect this requirement as well.

Client Response: The Fiscal Officer planned to only do two years with Mt. Victory Bank because she was planning on checking with other banks rates at the end of the year and possibly changing banks. She also does not want to change until the sewer system is finished. All direct deposits are listed at Mt. Victory Bank for the loans and grants.

FINDING NUMBER 2008 – 06

Significant Deficiency/Non-compliance

Security for Repaying Public Deposits

Ohio Revised Code Section 135.18 requires the treasurer of a political subdivision to require the depository to provide security equal to the funds on deposit at all times. Security may consist of federal deposit insurance, surety company bonds, or pledged securities.

Bank balances for March through December 2007, January through May 2008 and July through September 2008 exceeded the \$100,000 FDIC insurance threshold plus the \$100,000 Federal Home Loan Bank Bonds that were pledged to the Village. The FDIC insurance threshold increased to \$250,000 as of October 3, 2008 through December 31, 2009 but is set to revert to the pre-October 3, 2008 threshold of \$100,000 after that time. The Village was sufficiently protected as of December 31, 2008.

Even though the Village has FDIC insurance of \$250,000 plus an additional \$100,000 Federal Home Loan Bank Bonds that have been pledged totaling \$350,000, we recommend that the Fiscal Officer monitor the Village's bank balance to insure that there is sufficient FDIC and bank assets pledged to cover the Village's public deposits, especially after December 31, 2009.

Client Response: No Response.

FINDING NUMBER 2008 – 07

Non-compliance

Ohio Rev. Code Section 5705.28 requires that on or before July 15 in each year, the taxing authority of each subdivision or other taxing unit adopt a tax budget for the next succeeding fiscal year. The Village's tax budget for fiscal year 2007 was not adopted by the Council until August 10, 2006. The Village's tax budget for fiscal year 2008 was not adopted by the Council until August 16, 2007.

Procedures should be developed and implemented to provide for timely adoption and submission of the tax budget.

Client Response: The Fiscal Officer does not receive the amounts and rates as determined by the budget commission from Hardin County Auditor until the end of the July making it impossible for the Council to adopt the tax budget timely. According to the county auditor it is not due until the end of August.

FINDING NUMBER 2008 – 08

Significant Deficiency/Non-compliance

Increased Amended Certificate

Ohio Rev. Code Section 5705.36(A)(3) requires obtaining an increased amended certificate from the budget commission if the legislative authority intends to appropriate and expend excess revenue. For fiscal years 2007 and 2008, the Village did not appear to have obtained an amended certificate from the County Budget Commission indicating that the amended appropriations did or did not exceed estimated sources of revenue. Amendments to the appropriations for both 2007 and 2008 were made via an Ordinance passed by the Village Council. The Ordinance was sent to the county auditor as evidenced by a date stamp. Furthermore, the amended appropriations were recorded in the UAN system before the amended appropriations were received by the county auditor.

The Village should make sure to obtain an amended certificate from the County Budget Commission before proceeding to expend such excess revenues. The Village should obtain an amended certificate of estimated resources before making an amended appropriations certificate request. Finally, the Village should wait for the amended certificate before proceeding with any entries in the UAN system or approval of any additional expenditures beyond those already planned for.

Client Response: No Response.

FINDING NUMBER 2008 – 09

Non-compliance

Ohio Rev. Code Section 9.38 requires public officials to deposit all public monies received with the treasurer of the public office or properly designated depository on the next business day following the day of receipt, if the total amount of such monies received exceeds \$1,000. If the total amount does not exceed \$1,000, the public official shall deposit the money on the next business day following the day of receipt unless the legislative authority of the public office adopts a policy permitting a different time period. The alternate time period, however, shall not exceed three business days following the day of receipt. Further, the policy must include procedures to safeguard the monies until the time of deposit. When designing the public office's system of internal control and the specific control activities, management should ensure that all transactions are properly authorized in accordance with management's policies, ensure that accounting records are properly designed, ensure adequate security of assets and records, and plan for adequate segregation of duties or compensating controls.

The Village Fiscal Officer did not deposit sewer fund receipts timely. Failure to deposit receipts in a timely manner could increase the risk factors for misappropriation of monies. We recommend that the Fiscal Officer deposit all funds in a timely manner as prescribed above and implement procedures to safeguard monies until deposited.

Client Response: Village Fiscal Officer has another job where she works four days a week and is able to make deposits only on Thursdays or the weekends.

VILLAGE OF RIDGEWAY
HARDIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-01	O.R.C. Sec. 5705.39 - Appropriations Not to Exceed Revenue	Yes	Finding No Longer Valid
2006-02	O.R.C. Sec. 5705.41(B) – Expenditures Not to Exceed Appropriations	Yes	Finding No Longer Valid
2006-03	O.R.C. Sec. 5705.36(A)(2) – Amending Certificates of Estimated Resources	No	Not corrected-reissued as Finding 2008-01
2006-04	Appropriate Classification of Recorded Receipts/Expenditures	No	Not corrected-reissued as Finding 2008-02
2006-05	Amending Payroll Reports	No	Not Corrected-reissued as Finding 2008-03
2006-06	Unrecorded Advance	No	Not Corrected-reissued as Finding 2008-04
2006-07	Filing of Bureau of Workers’ Compensation Reports	Yes	Finding No Longer Valid
2006-08	Recording of Receipts	Yes	Finding No Longer Valid
2006-09	Depository Agreement	No	Not corrected-reissued as Finding 2008-05
2006-10	Duplicate Ordinance Numbers	Yes	Finding No Longer Valid
2006-11	O.R.C. Sec. 5705.41(D) - Certification Of Funds	Yes	Finding No Longer Valid
2006-12	O.R.C. Sec. 5705.28 - Adoption of Succeeding Fiscal Year’s Tax Budget	No	Not corrected-reissued as Finding 2008-07
2006-13	O.R.C. Sec. 5705.36(A)(3) - Amended Appropriations Certificate	No	Not corrected-reissued as Finding 2008-08
2006-14	O.R.C. Sec. 9.38 - Timely Depositing of Public Monies	No	Not corrected-reissued as Finding 2008-09



Mary Taylor, CPA
Auditor of State

VILLAGE OF RIDGEWAY

HARDIN 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
JANUARY 5, 2010