

**Village of Ridgeway,  
Hardin County  
Financial Statements  
December 31, 2010 and 2009**





# Dave Yost • Auditor of State

Village Council  
Village of Ridgeway  
103 S. Main Street  
Ridgeway, Ohio 43345

We have reviewed the *Independent Accountant's Report* of the Village of Ridgeway, Hardin County, prepared by Taylor, Applegate, Hughes & Associates, Ltd., for the audit period January 1, 2009 through December 31, 2010. 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 Accountant's 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 Accountant's 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

May 31, 2012

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**VILLAGE OF RIDGEWAY  
HARDIN COUNTY, OHIO  
FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

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## INDEPENDENT ACCOUNTANT'S REPORT

Village of Ridgeway  
Hardin County, Ohio  
P.O. Box 23  
Ridgeway, OH 43345

To the Honorable Mayor and Village Council:

We have audited the accompanying financial statements of Village of Ridgeway, Hardin County, (the Village) as of and for the years ended December 31, 2010 and 2009. 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 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. We believe 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position or cash flows 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 Village of Ridgeway, Hardin County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 our report dated June 24, 2011, 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 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.

Our audit was made for the purpose of forming an opinion on the financial statements of the Village of Ridgeway as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information 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 financial statements taken as a whole.

*Taylor, Applegate, Hughes & Assoc., Ltd.*

Taylor, Applegate, Hughes and Associates, Ltd.  
June 24, 2011

**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, 2010

	<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>
<b>Cash Receipts:</b>					
Property and local taxes	\$ 5,754	\$ -	\$ 8,026	\$ -	\$ 13,780
Municipal income tax	33,745	-	-	-	33,745
Intergovernmental	7,858	14,138	52,915	-	74,911
Charges for services	349	-	3,962	-	4,311
Fines, licenses, and permits	2,988	-	-	-	2,988
Interest	301	692	93	-	1,086
Miscellaneous	-	1,253	-	-	1,253
<b>Total Cash Receipts</b>	<u>50,995</u>	<u>16,083</u>	<u>64,996</u>	<u>-</u>	<u>132,074</u>
<b>Cash Disbursements:</b>					
<b>Current:</b>					
Security of persons and property	8,946	-	62,308	-	71,254
Public health services	4,892	-	-	-	4,892
Leisure time activities	-	-	-	-	-
Basic utility services	266	-	-	-	266
Transportation	-	18,233	4,035	-	22,268
General government	24,003	161	440	-	24,604
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Principal payment	-	-	-	-	-
Interest and fiscal charges	5,929	-	-	-	5,929
<b>Total Cash Disbursements</b>	<u>44,036</u>	<u>18,394</u>	<u>66,783</u>	<u>-</u>	<u>129,213</u>
<b>Total receipts over/(under) disbursements</b>	<u>6,959</u>	<u>(2,311)</u>	<u>(1,787)</u>	<u>-</u>	<u>2,861</u>
<b>Other financing receipts/(disbursements):</b>					
Sale of fixed assets	-	-	-	-	-
Interest and other fiscal charges	-	-	-	-	-
Other financing sources	285	-	-	-	285
<b>Total other financing receipts/(disbursements)</b>	<u>285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285</u>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<u>7,244</u>	<u>(2,311)</u>	<u>(1,787)</u>	<u>-</u>	<u>3,146</u>
<b>Fund cash balances January 1, 2010</b>	\$ 34,181	\$ 126,543	\$ -	\$ 311	\$ 161,035
<b>Fund cash balances, December 31, 2010</b>	<u>\$ 41,425</u>	<u>\$ 124,232</u>	<u>\$ (1,787)</u>	<u>\$ 311</u>	<u>\$ 164,181</u>
<b>Reserve for encumbrance, December 31, 2010</b>	<u>\$ 7,500</u>	<u>\$ 244,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,590</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, 2010

	<b>Proprietary Funds Enterprise</b>	<b>Total (Memorandum Only)</b>
<b>Cash Receipts:</b>		
Miscellaneous	\$ 100,082	\$ 100,082
Total Cash receipts	100,082	100,082
<b>Cash Disbursements:</b>		
Personal services	7,527	7,527
Contractual services	24,908	24,908
Supplies and materials	2,006	2,006
	7,716	7,716
Total Cash Disbursements	42,157	42,157
Operating Income/(loss)	57,925	57,925
Non-operating cash receipts and disbursements:		
Intergovernmental	-	-
Special assessments	-	-
Proceeds from loans	1,027,000	1,027,000
Proceeds from grants	223,966	223,966
Capital outlay	(223,966)	(223,966)
Principal payments	(1,071,564)	(1,071,564)
	(44,564)	(44,564)
Total non-operating cash receipts and disbursements	(44,564)	(44,564)
Net receipts over/(under) disbursements	13,361	13,361
Fund cash balances, January 1, 2010	\$ 69,333	\$ 69,333
Fund cash balances, December 31, 2010	\$ 82,694	\$ 82,694
Reserve for encumbrance, December 31, 2010	\$ -	\$ -

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, 2009

	<u>Governmental Fund Types</u>			<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and local taxes	\$ 5,481	\$ 7,532	\$ -	\$ 13,013
Municipal income tax	30,622	-	-	30,622
Intergovernmental	7,827	14,603	-	22,430
Charges for services	536	4,081	-	4,617
Fines, licenses, and permits	1,676	-	-	1,676
Interest	446	1,271	2	1,719
Miscellaneous	-	233	-	233
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	46,588	27,720	2	74,310
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of persons and property	8,230	8,729	-	16,959
Public health services	5,424	-	-	5,424
Leisure time activities	-	685	-	685
Basic utility services	973	-	-	973
Transportation	-	9,770	-	9,770
General government	25,618	1,662	-	27,280
Capital outlay	2,969	-	-	2,969
Debt service	-	-	-	-
Principal payment	-	-	-	-
Interest and fiscal charges	10,663	-	-	10,663
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	53,877	20,846	-	74,723
Total receipts over/(under) disbursements	<hr/> (7,289)	<hr/> 6,874	<hr/> 2	<hr/> (413)
Other financing receipts/(disbursements):				
Sale of fixed assets	-	-	-	-
Interest and other fiscal charges	-	-	-	-
Other financing sources	566	2,557	-	3,123
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing receipts/(disbursements)	566	2,557	-	3,123
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	<hr/> (6,721)	<hr/> 9,432	<hr/> 2	<hr/> 2,710
Fund cash balances January 1, 2009	\$ 40,902	\$ 117,111	\$ 309	\$ 158,322
Fund cash balances, December 31, 2009	<u>\$ 34,181</u>	<u>\$ 126,543</u>	<u>\$ 311</u>	<u>\$ 161,032</u>
Reserve for encumbrance, December 31, 2009	<u>\$ -</u>	<u>\$ 3,304</u>	<u>\$ -</u>	<u>\$ 3,304</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, 2009

	<b>Proprietary Funds Enterprise</b>	<b>Total (Memorandum Only)</b>
<b>Cash Receipts:</b>		
Fines, Licenses and Permits	\$56,904	\$56,904
Miscellaneous	-	-
Total Cash receipts	56,904	56,904
<b>Cash Disbursements:</b>		
Personal services	5,783	5,783
Contractual services	18,104	18,104
Supplies and materials	2,069	2,069
Other	1,523	1,523
Total Cash Disbursements	27,479	27,479
Operating Income/(loss)	29,425	29,425
Non-operating cash receipts and disbursements:		
Intergovernmental	-	-
Proceeds from loans	452,285	452,285
Proceeds from grants	723,860	723,860
Capital outlay	(1,185,001)	(1,185,001)
Special assessments	-	-
Total non-operating cash receipts and disbursements	(8,856)	(8,856)
Net receipts over/(under) disbursements	20,569	20,569
Fund cash balances, January 1, 2009	\$ 48,764	\$ 48,764
Fund cash balances, December 31, 2009	<u>\$ 69,333</u>	<u>\$ 69,333</u>
Reserve for encumbrance, December 31, 2009	<u>\$ 850</u>	<u>\$ 850</u>

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

**VILLAGE OF RIDGEWAY  
HARDIN AND LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Ridgeway, Hardin County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street maintenance and cemetery maintenance. The Village contracts with Hardin County Sheriff's department to provide security of persons and property. The Village appropriates general fund money to support a volunteer fire department. The Village of Ridgeway contracts with and provides the Village of Mount Victory sewer processing services.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

**VILLAGE OF RIDGEWAY  
HARDIN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009**

**1. Summary of Significant Accounting Policies (continued)**

**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:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose 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.

**3. 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 significant capital project funds:

Sewer Pump Station Construction Fund – This fund receives proceeds of United States Department of Agriculture (USDA) bonds. The proceeds are being used to construct a new sewer pump station.

**VILLAGE OF RIDGEWAY  
HARDIN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009**

**1. Summary of Significant Accounting Policies (continued)**

**D. Fund Accounting (continued)**

**4. Permanent Funds**

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs. The Village had the following significant permanent fund:

Cemetery Endowment Fund - Bailey Trust – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the maintenance and upkeep of the Village's cemetery.

**5. Enterprise Funds**

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

Sewer Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

Debt Service Fund - This fund was established for the payment of principal and interest on bonds sold to build a sanitary sewer system.

Debt Reserve Fund - This fund was established to set aside \$52,540 for the purpose of paying the cost of repairing or replacing any damage to the sanitary sewer system. Whenever disbursements are made from the fund, monthly payments shall be made until the fund accumulates an amount equal to the Minimum Reserve.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. 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 Village 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.

**VILLAGE OF RIDGEWAY  
HARDIN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009**

**1. Summary of Significant Accounting Policies (continued)**

**E. Budgetary Process (continued)**

**2. 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.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Balance of reserve for encumbrances at December 31, 2010 and 2009 were \$251,590 and \$4,154, respectively.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. Equity in Pooled Deposits and Investments**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2010	2009
Demand deposits	\$ 215,372	\$ 199,121
Certificates of deposit	311	308
Other time deposits (savings and NOW accounts)	31,192	30,936
Total deposits	246,875	230,365
 Total investments	 -	 -
Total deposits and investments	\$ 264,875	\$ 230,365

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; [or] collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF RIDGEWAY  
HARDIN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 53,651	\$ 51,280	\$ (2,371)
Special Revenue	421,240	16,082	(405,158)
Permanent	5	-	(5)
Capital Projects	-	64,996	64,996
Enterprise	<u>1,480,393</u>	<u>1,351,048</u>	<u>(129,345)</u>
Total	<u>\$ 1,955,289</u>	<u>\$ 1,483,406</u>	<u>\$ (471,883)</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 76,650	\$ 51,536	\$ 25,114
Special Revenue	432,954	262,484	170,470
Permanent	5	-	5
Capital Projects	-	66,783	(66,783)
Enterprise	<u>1,525,444</u>	<u>1,337,687</u>	<u>187,757</u>
Total	<u>\$ 2,035,053</u>	<u>\$ 1,718,490</u>	<u>\$ 316,563</u>

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 52,471	\$ 47,154	\$ (5,317)
Special Revenue	79,906	30,277	(49,629)
Permanent	5	2	(3)
Enterprise	<u>2,302,951</u>	<u>1,233,049</u>	<u>(1,069,902)</u>
Total	<u>\$ 2,435,333</u>	<u>\$ 1,310,482</u>	<u>\$ (1,124,851)</u>

**VILLAGE OF RIDGEWAY  
HARDIN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009**

**3. Budgetary Activity (continued)**

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 89,650	\$ 53,876	\$ 35,774
Special Revenue	77,070	24,150	52,920
Permanent	5	-	5
Enterprise	1,950,342	1,213,330	737,012
Total	\$ 2,117,067	\$ 1,291,356	\$ 825,711

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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. Debt**

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
United States Department of Agriculture	\$ 1,027,000	4%
Total	\$ 1,027,000	

The United States Department of Agriculture (USDA) loan relates to a sewer pump station expansion project the Ohio Environmental Protection Agency mandated. The Village will repay the loans in annual installments of \$51,888, including interest, over 40 years. The Village has agreed to set utility rates sufficient to cover debt service requirements.

**VILLAGE OF RIDGEWAY  
HARDIN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009**

**5. Debt (continued)**

The Village granted to the holders of the Bonds a mortgage upon all property, real personal and mixed and revenue constituting the System of the Village. Holders of twenty per cent (20%) of the outstanding Bonds in the event of default may require by mandatory injunction the raising of rates in a reasonable amount except as otherwise provided by law.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	<u>USDA Bond</u>
2011	\$ 51,888
2012	51,888
2013	51,888
2014	51,888
2015	51,888
2016-2020	259,438
2021-2025	259,438
2026-2030	259,438
2030-2035	259,438
2036-2040	259,438
2040-2045	259,438
2046-2050	<u>259,437</u>
Total	<u>\$ 2,075,505</u>

**6. Debt Service Trust Funds**

The Bond agreement required the Village to establish a debt service fund. The Village has established this fund. At December 31, 2010, the fund held \$17,117 in Village assets.

The Mortgage Revenue Bond covenant requires the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2010 is \$2,189.

The Mortgage Revenue Bond covenant requires the Village to establish and fund a surplus fund, included as a debt service fund. The balance in the fund at December 31, 2010 is \$0.

**7. Defined Benefit Pension Plans**

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**VILLAGE OF RIDGEWAY  
HARDIN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009**

**7. Defined Benefit Pension Plans (continued)**

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

Elected officials who never have been members of OPERS are eligible to opt out of OPERS, but then must participate in Social Security. For 2010 and 2009 five Council members, opted out of OPERS and participated in Social Security.

**8. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**9. Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor principally the federal government. The grantor 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.

**10. Related Party Transactions**

A Village Council member and Village Clerk are married. A brother and a cousin of a Village Council member work for the Village.

**11. Subsequent Events**

Subsequent events have been evaluated through June 24, 2011, the date the financial statements were available to be issued.

During 2010 the Village applied for a FEMA grant. In 2011, the Village received the grant for a fire truck, purchased the truck for \$269,087 and took delivery.

**VILLAGE OF RIDGEWAY, OHIO  
HARDIN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>United States Department of Housing and Urban Development</b>	14.228	
Passed through State of Ohio Department of Development		
Community Development Block Grant No. C-W-07-217-1		\$ 109,147
<b>Total</b>		<u>109,147</u>
 <b>United States Department of Agriculture - Loan</b>	 10.760	
Passed through Ohio Water Development Authority		
Water and Waste Disposal Systems for Rural Communities		<u>452,285</u>
<b>Total</b>		<u>452,285</u>
 <b>United States Department of Agriculture - Grant</b>	 10.760	
Passed through Ohio Water Development Authority		
Water and Waste Disposal Systems for Rural Communities		<u>613,825</u>
<b>Total</b>		<u>613,825</u>
 <b>Total Federal Expenditures</b>		 <u>\$ 1,175,257</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, 2009**

**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 Schedule does not include the expenditure of non-Federal matching funds.

## INDEPENDENT ACCOUNTANT'S 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  
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, 2010 and 2009, and have issued our report thereon dated June 24, 2011, wherein we noted the Village followed accounting practices the Auditor of State prescribes 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 the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Government'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 Government's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Government's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and other deficiencies we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-01 and 2010-02; 2010-05; 2010-07, 2010-08 and 2010-09 described in the accompanying schedule of findings to be material weaknesses.

Village of Ridgeway  
Hardin County  
Independent Accountant's Report on Internal Control  
Over Financial Reporting and on Compliance and  
Other Matters Required by *Government  
Auditing Standards*

Page 2

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2010-03 described in the accompanying schedule of findings to be a significant deficiency.

**Compliance and Other Matters**

As part of reasonably assuring whether the Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as 2010-01 and 2010-04 through 2010-07 and 2010-10.

We also noted certain matters not requiring inclusion in this report that we reported to the Government's management in a separate letter dated June 24, 2011.

We intend this report solely for the information and use of management, the Mayor and Village Council, and federal awarding agencies and pass-through entities, and others within the Government. We intend it for no one other than these specified parties.

*Taylor, Applegate, Hughes & Assoc., Ltd.*

Taylor, Applegate, Hughes and Associates, Ltd.  
June 24, 2011

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Village of Ridgeway  
Hardin County  
P.O. Box 23  
Ridgeway, Ohio 43345

To the Honorable Mayor and Village Council:

### **Compliance**

We have audited the compliance of the Village of Ridgeway, Ohio (the Village) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village of Ridgeway's major federal program for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the Government's major federal program. The Government's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Government'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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Government's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Government's compliance with those requirements.

In our opinion, the Village of Ridgeway complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2010-10.

### **Internal Control Over Compliance**

The Government's management 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 Government's internal control over compliance with the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Government's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2010-08 and 2010-09 to be material weaknesses.

We intend this report solely for the information and use of the audit committee, management, the Mayor and Village Council, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

*Taylor, Applegate, Hughes & Assoc., Ltd.*

Taylor, Applegate, Hughes and Associates, LTD  
June 24, 2011

**VILLAGE OF RIDGEWAY  
HARDIN AND LOGAN COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 2010 AND 2009**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Adverse under GAAP, unqualified under the regulatory basis
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	Yes
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	USDA Water and Waste Disposal Systems for Rural Communities Loan and Grant
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

**VILLAGE OF RIDGEWAY  
HARDIN AND LOGAN COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 2010 AND 2009**

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

**FINDING NUMBER 2010-01**

**Non-Compliance/Material Weakness**

**Ohio Rev. Code Section 5705.36 (A)(3)** states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater than the amount included in an official certificate and the legislative authority intends to appropriate and expend the excess revenue, the fiscal officer shall certify the amount of the excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify and amended official certificate reflecting the excess.

When estimated resources were not received or were postponed to a later period, the Village did not prepare and submit and amended certificate of estimated resources reflecting the reduction to the County Budget Commission. Resources were appropriated without the increasing the estimated revenues to cover these appropriations.

	<u>Estimated Resources</u>	<u>Actual Resources</u>	<u>Appropriations</u>
2010 – Sewer Fund	\$478,061	\$1,421,131	\$1,524,594

The Village should establish a periodic review of revenues and resources and prepare an amended official certificate of estimated resources when necessary.

**Officials' response:** The Village chose not to respond.

**FINDING NUMBER 2010-02**

**Material Weakness**

**Appropriate Classification of Recorded Receipts and Expenditures**

During 2009 and 2010 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 Clerk-Treasurer recorded the purchase of two Certificates of Deposit of \$15,000 each as an increase in expenditures in 2008 rather than as an investment in the Street Construction Maintenance and Repair Fund. This was not corrected in either 2009 or 2010.

We recommend the Clerk-Treasurer 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 Clerk-Treasurer seek assistance from peers or UAN software support services regarding the recording of any infrequent or unfamiliar transactions.

**Officials' response:** The Village chose not to respond.

**VILLAGE OF RIDGEWAY  
HARDIN AND LOGAN COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 2010 AND 2009**

**FINDING NUMBER 2010 – 03**

**Significant Deficiency**

**Advance Not Temporary**

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 Clerk-Treasurer 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. If it is determined the advance will not be repaid, the advance should be converted to a transfer as authorized in O.R.C. Sections 5705.14 to 5705.16 through a formal resolution.

**Officials' response:** The Village chose not to respond.

**FINDING NUMBER 2010 – 04**

**Non-Compliance**

**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.

**Officials' response:** The Village chose not to respond.

**VILLAGE OF RIDGEWAY  
HARDIN AND LOGAN COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 2010 AND 2009**

**FINDING NUMBER 2010 – 05**

**Non-compliance/Material Weakness**

**Ohio Revised Code Section 5705-36 (A) (4)** – states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

At December 31, 2010 and 2009, the Village had appropriations greater than actual resources in the following funds:

<u>Year</u>	<u>Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Variance</u>
2009	General	\$ 88,617	\$ 89,904	(\$ 1,287)
2009	Parks	685	1,000	( 315)
2009	Motor Vehicle	54	8,000	( 7,946)
2009	Fire Apparatus	15,657	21,870	( 6,213)
2009	Federal USDA Loan	452,285	661,791	( 209,506)
2009	Federal USDA Grant	613,860	823,000	( 209,140)
2009	OPWC Loan	0	45,000	( 45,000)
2009	OPWC Grant	0	148,301	( 148,301)
2009	OPWC Grant-CDBG	0	10,000	( 10,000)
2009	Other Prof Tech	0	75,000	( 75,000)
2010	Motor Vehicle	54	8,000	( 7,946)
2010	Fire Apparatus	68,826	374,650	( 305,824)
2010	Federal USDA Grant	209,140	209,175	( 35)
2010	Federal OPWC Loan	0	45,000	( 45,000)
2010	Federal OPWC Grant	14,826	103,301	( 88,475)

By appropriating more funds than actual resources, the Village is at risk of spending more money than is available; this may result in deficit fund balances. The appropriations ledger should be monitored by Village officials to periodically compare appropriations to actual resources and obtain decreased amended appropriations as needed.

**Officials' response:** The Village chose not to respond.

**VILLAGE OF RIDGEWAY  
HARDIN AND LOGAN COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 2010 AND 2009**

**FINDING NUMBER 2010 – 06**

**Non-Compliance**

**Ohio Rev. Code, Section 5705.41(D)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. There are several exceptions to the standard requirement state above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **“Then and Now” Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
2. **Blanket Certificate** – Fiscal officers may prepare “blanket” certificates not exceeding an amount established by resolution or ordinance adopted by the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village failed to either properly certify or have the correct number of signatures on warrants for 8.6% of the expenditures examined in 2009 and 2010. The Village Council also failed to establish a dollar limit for blanket certificates as required.

Failure to properly certify the availability of funds can result in misappropriation of monies and over spending resulting in negative cash fund balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments have prior approval. The Council should establish a dollar limit for blanket certificates via an ordinance or resolution as required. To improve controls over disbursements and to help reduce the possibility that Village funds will exceed budgetary spending limitations, the Clerk-Treasurer should certify that the funds are or will be available prior to the obligation by the Village.

**VILLAGE OF RIDGEWAY  
HARDIN AND LOGAN COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 2010 AND 2009**

**FINDING NUMBER 2010 – 06 (continued)**

When prior certification is not possible a “then and now” certificate should be used.

**Officials’ response:** The Village chose not to respond.

**FINDING NUMBER 2010 – 07**

**Non-Compliance/Material Weakness**

**Ohio Rev. Code, Section 135.18** states that the treasurer, before making the initial deposit in a public depository pursuant to an award made under sections 135.01 to 135.21 of the Revised Code, except as provided in section 135.144 (135.14.4) of the Revised Code, shall require the institution designated as a public depository to pledge to and deposit with the treasurer, as security for the repayment of all public moneys to be deposited in the public depository during the period of designation pursuant of the award, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above the portion or amount of such moneys as is at that time insured by the federal deposit insurance corporation or by any other agency or instrumentality of the federal government. In the case of any deposit other than the initial deposit made during the period of designation, the amount of the aggregate market value of securities required to be pledged and deposited shall be equal to the difference between the amount of public moneys on deposit in such public depository plus the amount to be so deposited, minus the portion or amount of the aggregate as is at the time insured as provided in this section. The treasurer may require additional eligible securities to be deposited to provide for any depreciation which may occur in the market value of any of the securities so deposited.

The Village invested in certificates of deposit with a financial institution without having a depository agreement in place. The Clerk-Treasurer was unaware of this requirement for certificates of deposit. Public monies of approximately \$31,200 were not covered by securities.

The Village should obtain a depository agreement with the financial institution as soon as possible. The Village should also establish a policy that all future depositories have an agreement in place prior to placing Village funds into an account with the institution.

**Officials’ response:** The Village chose not to respond.

**See Federal Finding 2010-08 in Section 3 below. *Government Auditing Standards* also requires us to report this finding in this section of this Schedule.**

**VILLAGE OF RIDGEWAY  
HARDIN AND LOGAN COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 2010 AND 2009**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**Expenditures**

**FINDING NUMBER 2010 – 08**

**CFDA Title and Number:** Water and Waste Disposal Systems for Rural Communities 10.760

**Federal Award Number/Year:** 14.228 and 10.760/2009

**Federal Agency:** United States Department of Agriculture

**Pass-Through Agency:** Ohio Water Development Authority

**Material Weakness**

During testing of 2010 and 2009 disbursements, 8.6% of the transactions tested were missing at least one item of control such as an approval signature, certification signature, or missing one of two required signatures on warrants. Lack of controls can lead to fraud and misstatements. There was a lack of checks and balances as these missed signatures were not caught and corrected throughout the disbursement process. This is a systematic problem as both 2009 and 2010 had identical percentages of 8.6%. The Village should institute further checks and balances in the disbursement process to prevent any possible future fraud or misstatements.

**Officials' Response:** We double check to make sure all checks have two signatures on them.

**FINDING NUMBER 2010-09**

**CFDA Title and Number:** Water and Waste Disposal Systems for Rural Communities

**Federal Award Number/Year:** 14.228 and 10.760/2009

**Federal Agency:** United States Department of Agriculture

**Pass-Through Agency:** Ohio Water Development Authority

**Material Weakness**

The Davis-Bacon Act requires entities to pay construction contracts at the prevailing wage rate. Testing of compliance with Davis-Bacon was not possible due to the unavailability of records. The Clerk-Treasurer informed us the County Regional Planning Department had the records but requests for the records were not successful. The Clerk-Treasurer was confident they had complied with the requirement. Passing controls to others does not relieve the Village of its basic responsibility to follow the grant compliance requirements. This was an extremely large project for the Village and they sought outside help but did not retain control of the documentation. For future projects, we recommend the Village institute further checks and balances in the division of responsibilities to insure that control of the records remains in the hands of the Village.

**Officials' Response:** I was told that since Regional Planning had to keep track of the prevailing wages that they can do the whole project. In any future projects we will make sure that we are keeping track of the wages also.

**VILLAGE OF RIDGEWAY  
HARDIN AND LOGAN COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
DECEMBER 31, 2010 AND 2009**

**FINDING NUMBER 2010-10**

**CFDA Title and Number:** Water and Waste Disposal Systems for Rural Communities 10.760

**Federal Award Number/Year:** 14.228 and 10.760/2009

**Federal Agency:** United States Department of Agriculture

**Pass-Through Agency:** Ohio Water Development Authority

**Material Weakness**

**OMB Circular A-133.320(a)** requires the audit report and data collection form to be submitted to the Federal oversight agency within the earlier of 30 days after receipt of the auditor's report, or nine months after the end the audit period. The audit was not completed until June 24, 2011. In the future we recommend the Village request an extension of time to submit the audit report and data collection form from the federal oversight agency as necessary.

**VILLAGE OF RIDGEWAY  
HARDIN COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-01	<b>ORC Section 5705.36 (A)(2)</b> - Amended Certificates of Estimated Revenues	No	Partially corrected-reissued as finding 2010-01
2008-02	Appropriate Classification of Receipts and Expenditures	No	Not corrected-reissued as finding 2010-02
2008-03	Amending Payroll Reports	Yes	Finding No Longer Valid
2008-04	Unrecorded Advances	No	Not corrected-reissued as finding 2010-03
2008-05	<b>ORC Section 135.12</b> - Depository Agreement	No	Not corrected-reissued as finding 2010-04
2008-06	<b>ORC Section 135.18</b> - Security for Repaying Loans	Yes	Finding No Longer Valid
2008-07	<b>ORC Section 5705.28</b> - Tax Budget	Yes	Finding No Longer Valid
2008-08	<b>ORC Section 5705.36 (A)(3)</b> - Increased Amended Certificate	No	Not corrected-reissued as finding 2010-01
2008-09	<b>ORC Section 9.38</b> - Deposits of Public Monies	Yes	Corrected



# Dave Yost • 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  
JUNE 12, 2012