

**VILLAGE OF RIDGEWAY  
HARDIN COUNTY**

**REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**



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OHIO AUDITOR OF STATE  
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Village of Ridgeway, Hardin County, prepared by Gueye & Associates, CPA, for the audit period January 1, 2021 through December 31, 2022. 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.

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 "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

November 01, 2023

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**VILLAGE OF RIDGEWAY  
HARDIN COUNTY  
DECEMBER 31, 2022 AND 2021  
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## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Ridgeway, Hardin County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type, and the fiduciary fund type combined total as of and for the years ended December 31, 2022, and December 31, 2021, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type, and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022, and December 31, 2021, or the changes in financial position thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



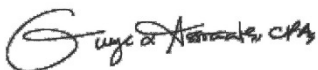
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2023, 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. The purpose of that report is solely 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 effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Columbus, Ohio  
July 31, 2023

**Village of Ridgeway, Ohio**  
*Hardin County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2022*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 5,847	\$ 22,466	\$ -	\$ 28,313
Municipal Income Tax	28,045	-	-	28,045
Intergovernmental	12,613	36,356	-	48,969
Charges for Services	49	5,923	-	5,972
Fines, Licenses and Permits	2,304	-	-	2,304
Earnings on Investments	309	229	-	538
Miscellaneous	1,770	1,998	-	3,768
<i>Total Cash Receipts</i>	<u>50,937</u>	<u>66,972</u>	<u>-</u>	<u>117,909</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	14,833	32,061	-	46,894
Public Health Services	1,493	4,105	-	5,598
Basic Utility Services	175	-	-	175
Transportation	-	37,868	-	37,868
General Government	26,289	1,989	-	28,278
<i>Total Cash Disbursements</i>	<u>42,790</u>	<u>76,023</u>	<u>-</u>	<u>118,813</u>
<i>Excess of Cash Receipts Over (Under) Cash</i>	<u>8,147</u>	<u>(9,051)</u>	<u>-</u>	<u>(904)</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Other Financing Sources	645	-	-	645
<i>Total Non-Operating Receipts (Disbursement)</i>	<u>645</u>	<u>-</u>	<u>-</u>	<u>645</u>
<i>Net Change in Fund Cash Balances</i>	8,792	(9,051)	-	(259)
<i>Fund Cash Balances, January 1</i>	<u>27,409</u>	<u>200,215</u>	<u>12,900</u>	<u>240,524</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 36,201</u>	<u>\$ 191,164</u>	<u>\$ 12,900</u>	<u>\$ 240,265</u>

See accompanying notes to the basic financial statements

**Village of Ridgeway, Ohio**  
*Hardin County*  
**Combined Statement of Receipts, Disbursements**  
**and Changes in Fund Balances (Regulatory Cash Basis)**  
*All Proprietary Fund Types*  
**For the Year Ended December 31, 2022**

	Proprietary Funds Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 29,655
<i>Total Operating Cash Receipts</i>	29,655
<b>Operating Cash Disbursements</b>	
Personal Services	7,750
Employee Fringe Benefits	618
Contractual Services	24,840
Supplies and Materials	9,424
Other	39
<i>Total Operating Cash Disbursements</i>	42,671
<i>Operating Income (Loss)</i>	(13,016)
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessment	67,782
Principal Retirement	(16,800)
Interest and Other Fiscal Charges	(35,624)
<i>Total Non-Operating Receipts (Disbursements)</i>	15,358
 <i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	 2,342
<i>Transfers In</i>	52,424
<i>Transfers Out</i>	(52,424)
<i>Net Change in Fund Cash Balances</i>	2,342
<i>Fund Cash Balances, January 1</i>	269,649
<i>Fund Cash Balances, December 31</i>	\$ 271,991

*See accompanying notes to the basic financial statements*

**Village of Ridgeway, Ohio**  
*Hardin County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Fiduciary Fund Types**  
*For the Year Ended December 31, 2022*

	Fiduciary Funds Type
	Private Purpose Trust
<b>Additions</b>	
Other Amounts Collected for Distribution	\$ -
<i>Total Additions</i>	0
Deductions	
Other Distributions	-
Total Deductions	-
Net Change in Fund Balances	-
Fund Cash Balances, January 1	308
Fund Cash Balances, December 31	\$ 308

See accompanying notes to the basic financial statements

**Village of Ridgeway, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 - Reporting Entity**

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

***Jointly Governed Organizations***

The Village participates in two jointly governed organizations. Note 11 to the financial statements provides additional information for these entities. The jointly governed organizations are:

- Hardin County Regional Planning Commission – The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions and services of the Village.
- Southeastern Hardin Ambulance District – This District provides emergency medical services to members within the District.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

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

***Special Revenue Funds - These*** funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction Maintenance and Repair*** - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

***Capital Project Funds*** - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following capital project fund:

**Village of Ridgeway, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Capital Projects Fund** - The capital projects fund accounts for and reports proceeds from the sale of capital assets. The proceeds are restricted for capital outlay expenditures.

**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 Enterprise Fund:

**Sewer Fund** - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Fiduciary Funds** - Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

**Bailey Trust Fund** – The Village's private purpose trust fund receives income which is to be used for the perpetual upkeep and maintenance of the graves and burial lots of A.M. Bailey and family.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund 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 Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

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

A summary of 2022 budgetary activity appears in Note 3.

***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.

**Village of Ridgeway, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Capital Assets**

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

**Leases**

The Village is the lessor/lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

**Committed** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Village of Ridgeway, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$75,626	\$51,582	(\$24,044)
Special Revenue	148,075	66,972	(81,103)
Capital Projects	5,000	0	(5,000)
Enterprise	215,300	149,861	(65,439)
Trust	3	0	(3)
Total	\$444,004	\$268,415	(\$175,589)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$62,530	\$42,865	\$19,665
Special Revenue	193,250	76,023	117,227
Capital Projects	5,000	0	5,000
Enterprise	198,728	147,552	51,176
Trust	2	0	2
Total	\$459,510	\$266,440	\$193,070

**Note 4 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

Demand deposits	2022 \$480,660
Certificates of deposit	31,904
Total deposits	\$512,564

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.



**Village of Ridgeway, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 5 – Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by February 28. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following July 31. Under certain circumstances, State statute permits later payment dates to be established.

Hardin and Logan counties are responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

***Income Taxes***

The Village levies a municipal income tax of 0.5 percent 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 withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

The Village contracts with the Regional Income Tax Agency (RITA) to provide income tax collection and administrative services. The Village Administrator serves as the liaison between the Village and RITA for Income tax information and administrative issues.

**Note 6 – Interfund Balances**

***Advances***

The outstanding advance at December 31, 2022 consisted of an outstanding advance from 2005 that has yet to be repaid and was made from the general fund to the sewer operating enterprise fund to purchase a computer, printer, billing software program, and preprinted statements, totaling \$1,490, to be used to prepare sewer fund billing statements.

**Note 7 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**Village of Ridgeway, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

***Social Security***

Seven Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

**Note 9 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Note 10 – Debt**

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Sanitary Sewer System Mortgage Revenue Bonds Series 2010	\$873,800	4.00%

During 2010, the Village entered into a loan agreement with the United States Department of Agriculture (USDA) for the expansion of the Village's sewer pump station as mandated by the Ohio Environmental Protection Agency. The Village will repay the loan in annual installments of principal and interest over 40 years. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

**Village of Ridgeway, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Amortization**

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

Year Ending December 31:	USDA Mortgage Revenue Bonds
2023	\$52,452
2024	52,452
2025	52,424
2026	52,468
2027	52,380
2028-2032	262,260
2033-2037	262,188
2038-2042	262,112
2043-2047	262,260
2048-2052	157,292
Total	<u>\$1,468,288</u>

**Note 11 – Jointly Governed Organizations**

***Hardin County Regional Planning Commission***

Hardin County Regional Planning Commission (the Commission) is governed by a Board consisting of members from Hardin County, the municipalities and townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty-seven members, any of which may hold any other public office. The Village is represented by one member.

The Commission assists in administering grants; provides member subdivisions with technical assistance with grants and grant writing; provides member subdivisions with assistance on zoning codes and the updating and revision of these codes; assists with the division of real estate lots; maintains flood insurance maps on file and oversees flood hazard construction regulations; and maintains the County's census data on file. Each participating government may be required to contribute an assessment per capita according to the latest federal census in any calendar year in which the revenue is needed. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326.

***Southeastern Hardin Ambulance District***

The constitution and laws of the State of Ohio establish the rights and privileges of the Southeastern Hardin Ambulance District, Hardin County (the District), as a body corporate and politic. The District is directed by an appointed four-member Board of Trustees. The Board of Trustees is appointed by the governing bodies of the Villages and Townships within Hardin County who receive ambulance services from the District. The District provides ambulance service for the Villages of Mount Victory and Ridgeway and the townships of Hale and Taylor Creek. Financial information can be obtained from the District at 212 South Wheeler Street, Mount Victory, Ohio 43340.

**Village of Ridgeway, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 12 – Fund Balances**

Included in fund balances are encumbrances for commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	75			75
<i>Total</i>	<u>\$75</u>	<u>\$0</u>	<u>\$0</u>	<u>\$75</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and, capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

**Village of Ridgeway, Ohio**  
*Hardin County*  
**Combined Statement of Receipts, Disbursements**  
**and Changes in Fund Balances (Regulatory Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2021**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 5,747	\$ 22,366	\$ -	\$ 28,113
Municipal Income Tax	26,251	-	-	26,251
Intergovernmental	11,494	31,119	-	42,613
Charges for Services	-	2,500	-	2,500
Fines, Licenses and Permits	2,281	-	-	2,281
Earnings on Investments	27	43	-	70
Miscellaneous	270	1,676	-	1,946
<i>Total Cash Receipts</i>	<u>46,070</u>	<u>57,704</u>	<u>-</u>	<u>103,774</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	13,783	16,492	-	30,275
Public Health Services	1,335	2,999	-	4,334
Leisure Time Activities	3,000	-	-	3,000
Transportation	-	23,243	-	23,243
General Government	33,415	1,737	-	35,152
<i>Total Cash Disbursements</i>	<u>51,533</u>	<u>44,471</u>	<u>-</u>	<u>96,004</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(5,463)</u>	<u>13,233</u>	<u>-</u>	<u>7,770</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Other Financing Sources	260	-	-	260
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>260</u>	<u>-</u>	<u>-</u>	<u>260</u>
<i>Net Change in Fund Cash Balances</i>	(5,203)	13,233	-	8,030
<i>Fund Cash Balances, January 1</i>	<u>32,612</u>	<u>186,982</u>	<u>12,900</u>	<u>232,494</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 27,409</u>	<u>\$ 200,215</u>	<u>\$ 12,900</u>	<u>\$ 240,524</u>

See accompanying notes to the basic financial statements

**Village of Ridgeway, Ohio**  
*Hardin County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Proprietary Fund Types**  
*For the Year Ended December 31, 2021*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 121,868
<i>Total Operating Cash Receipts</i>	121,868
<b>Operating Cash Disbursements</b>	
Personal Services	8,100
Employee Fringe Benefits	618
Contractual Services	21,803
Supplies and Materials	12,615
Other	39
<i>Total Operating Cash Disbursements</i>	43,175
<i>Operating Income (Loss)</i>	78,693
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessment	9,004
Principal Retirement	(16,200)
Interest and Other Fiscal Charges	(36,272)
<i>Total Non-Operating Receipts (Disbursements)</i>	(43,468)
<i>Net Change in Fund Cash Balances</i>	35,225
<i>Fund Cash Balances, January 1</i>	234,424
<i>Fund Cash Balances, December 31</i>	\$ 269,649

*See accompanying notes to the basic financial statements*

**Village of Ridgeway, Ohio**  
*Hardin County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Fiduciary Fund Types**  
*For the Year Ended December 31, 2021*

	Fiduciary Funds Type
	Private Purpose Trust
<b>Additions</b>	
Other Amounts Collected for Distribution	\$ 2
<i>Total Additions</i>	2
Deductions	
Other Distributions	-
Total Deductions	-
Net Change in Fund Balances	2
Fund Cash Balances, January 1	306
Fund Cash Balances, December 31	\$ 308

See accompanying notes to the basic financial statements

**Village of Ridgeway, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 - Reporting Entity**

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

***Jointly Governed Organizations***

The Village participates in two jointly governed organizations. Note 11 to the financial statements provides additional information for these entities. The jointly governed organizations are:

- Hardin County Regional Planning Commission – The Commission makes studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions and services of the Village.
- Southeastern Hardin Ambulance District – This District provides emergency medical services to members within the District.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are all organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

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

***Special Revenue Funds - These*** funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction Maintenance and Repair*** - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

***Capital Project Funds*** - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following capital project fund:



**Village of Ridgeway, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Capital Projects Fund** - The capital projects fund accounts for and reports proceeds from the sale of capital assets. The proceeds are restricted for capital outlay expenditures.

**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 Enterprise Fund:

**Sewer Fund** - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Fiduciary Funds** - Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

**Bailey Trust Fund** – The Village's private purpose trust fund receives income which is to be used for the perpetual upkeep and maintenance of the graves and burial lots of A.M. Bailey and family.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund 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 Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

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

A summary of 2021 budgetary activity appears in Note 3.

***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.

**Village of Ridgeway, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Capital Assets**

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

**Leases**

The Village is the lessor/lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

**Committed** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Village of Ridgeway, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$83,574	\$46,330	(\$37,244)
Special Revenue	499,617	57,704	(441,913)
Capital Projects	0	0	0
Enterprise	190,400	130,872	(59,528)
Trust	0	0	0
<b>Total</b>	<b>\$773,591</b>	<b>\$234,906</b>	<b>(\$538,685)</b>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,553	\$51,608	\$19,945
Special Revenue	205,604	44,471	161,133
Capital Projects	0	0	0
Enterprise	152,683	95,647	57,036
Trust	2	0	2
<b>Total</b>	<b>\$429,842</b>	<b>\$191,726</b>	<b>\$238,116</b>

**Note 4 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2021
Demand deposits	\$478,611
Certificates of deposit	31,870
Total deposits	\$510,481

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Village of Ridgeway, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 5 – Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by February 28. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following July 31. Under certain circumstances, State statute permits later payment dates to be established.

Hardin and Logan counties are responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

***Income Taxes***

The Village levies a municipal income tax of 0.5 percent 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 withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

The Village contracts with the Regional Income Tax Agency (RITA) to provide income tax collection and administrative services. The Village Administrator serves as the liaison between the Village and RITA for Income tax information and administrative issues.

**Note 6 – Interfund Balances**

***Advances***

The outstanding advance at December 31, 2022 consisted of an outstanding advance from 2005 that has yet to be repaid and was made from the general fund to the sewer operating enterprise fund to purchase a computer, printer, billing software program, and preprinted statements, totaling \$1,490, to be used to prepare sewer fund billing statements

**Note 7 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**Village of Ridgeway, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

***Social Security***

Seven Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

**Note 9 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Note 10 – Debt**

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Sanitary Sewer System Mortgage Revenue Bonds Series 2010	\$890,600	4.00%

During 2010, the Village entered into a loan agreement with the United States Department of Agriculture (USDA) for the expansion of the Village's sewer pump station as mandated by the Ohio Environmental Protection Agency. The Village will repay the loan in annual installments of principal and interest over 40 years. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

**Village of Ridgeway, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Amortization**

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

Year Ending December 31:	USDA Mortgage Revenue Bonds
2022	\$52,424
2023	52,452
2024	52,452
2025	52,424
2026	52,468
2027-2031	262,192
2032-2036	262,180
2037-2041	262,172
2042-2046	262,244
2047-2051	209,704
Total	<u>\$1,520,712</u>

**Note 11 – Jointly Governed Organizations**

***Hardin County Regional Planning Commission***

Hardin County Regional Planning Commission (the Commission) is governed by a Board consisting of members from Hardin County, the municipalities and townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty-seven members, any of which may hold any other public office. The Village is represented by one member.

The Commission assists in administering grants; provides member subdivisions with technical assistance with grants and grant writing; provides member subdivisions with assistance on zoning codes and the updating and revision of these codes; assists with the division of real estate lots; maintains flood insurance maps on file and oversees flood hazard construction regulations; and maintains the County's census data on file. Each participating government may be required to contribute an assessment per capita according to the latest federal census in any calendar year in which the revenue is needed. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326.

***Southeastern Hardin Ambulance District***

The constitution and laws of the State of Ohio establish the rights and privileges of the Southeastern Hardin Ambulance District, Hardin County (the District), as a body corporate and politic. The District is directed by an appointed four-member Board of Trustees. The Board of Trustees is appointed by the governing bodies of the Villages and Townships within Hardin County who receive ambulance services from the District. The District provides ambulance service for the Villages of Mount Victory and Ridgeway and the townships of Hale and Taylor Creek. Financial information can be obtained from the District at 212 South Wheeler Street, Mount Victory, Ohio 43340.

**Village of Ridgeway, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 12 – Fund Balances**

Included in fund balances are encumbrances for commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	75			75
<i>Total</i>	<u>\$75</u>	<u>\$0</u>	<u>\$0</u>	<u>\$75</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and, capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.



## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Members of the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund types, and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and related notes of the Village of Ridgeway, Hardin County, (the Village) and have issued our report thereon dated July 31, 2023, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

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

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

*A deficiency in internal control* 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 and correct misstatements on a timely basis. *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 corrected, on a timely basis. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items No. 2022-001, and No 2022-002 that we consider to be material weaknesses.

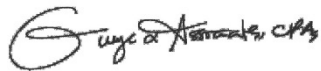


***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, 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 financial statements. 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-002.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Columbus, Ohio  
July 31, 2023

**VILLAGE OF RIDGEWAY  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2022-001**

**Material Weakness - Accuracy of Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs. A14 & .A16.

The following errors were identified in December 31, 2022 financial statements:

- Fire Apparatus Fund homestead and rollback receipts in the amount of \$972 were recorded as property and other taxes instead of intergovernmental receipts;
- General Fund homestead and rollback receipts in the amount of \$954 were recorded as property and other taxes instead of intergovernmental receipts;
- General Fund, county auditor/treasurer fees and audit fees in the amount of \$3,709 were recorded as debt service interest and fiscal charges instead of general government disbursements;
- Principal payments of \$14,800 were recorded as interest in the Enterprise Debt Service Fund.
- A total of \$424 in interest payment was recorded as Supplies and Materials in the Sewer Operating Fund in lieu of interest payment in the Enterprise Debt Service Fund.
- Payments of \$4,100 for independent contractors were classified as wages in the Sewer Operating Fund.

The following errors were identified in December 31, 2021 financial statements:

- General Fund, county auditor/treasurer, income tax collection fees and audit fees in the amount of \$10,067 were recorded as debt service interest and fiscal charges instead of general government disbursements;
- Debt interest in the amount of \$36,272 was classified as Supplies and Materials in the Sewer Operating fund instead of interest in the Enterprise Debt Service fund.
- Principal payments of \$16,200 were classified as interest in the Enterprise Debt Service.
- Fire Apparatus Fund homestead and rollback receipts in the amount of \$977 were recorded as property and other taxes instead of intergovernmental receipts;
- General Fund homestead and rollback receipts in the amount of \$953 were recorded as property and other taxes instead of intergovernmental receipts;
- Payments of \$3,750 for independent contractors were classified as wages in the Sewer Operating Fund.

The 2022 and 2021 notes to the financial statements also had errors such as, but not limited to, the disclosures for budgetary, deposits, and the debt amortization tables.

The lack of transaction and monitoring controls over the recording of financial activity and preparing the annual financial statements may have contributed to the errors identified above. The accompanying financial statements and where necessary the accounting records have been adjusted to correct these errors.

**VILLAGE OF RIDGEWAY  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2022-001  
(Continued)**

**Material Weakness - Accuracy of Financial Reporting (Continued)**

The failure to correctly classify financial activity in the accounting records and financial statements may impact a user's understanding of the financial operations, the ability to make sound financial decisions, the ability to comply with budgetary laws, and may result in the material misstatement of the financial statements. In addition, such undetected errors may result in irregularities not being detected in a timely manner by the Council. Inaccurate note disclosures pose the risk of misleading the readers of the annual financial report.

To help ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt controls and/or procedures to identify and correct errors and omissions. Resources such as the Ohio Village Handbook, the Uniform Accounting Network (UAN) Manual, and the village financial statement and note shells on the Auditor of State web-site can be utilized when recording transactions and preparing the annual financial statements. Additionally, Council or a sub-committee such as an audit or finance committee should perform periodic reviews of the receipt and disbursement ledgers to help identify errors and/or irregularities. Prior to filing, a secondary review of the financial statements and notes to the financial statements should be performed to verify that all amounts are accurate and agree to supporting documentation.

**OFFICIALS' RESPONSE:**

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

**FINDING NUMBER 2022-002**

**Material Weakness and Noncompliance**

**United States Department of Agriculture Sanitary Sewer System Mortgage Revenue Bond Series 2010, Section 6B(2)** requires the establishment of a Sanitary Sewer System Mortgage Revenue Bond and Sinking Fund (the Sinking Fund), and, commencing with the first day of the calendar month following the initial delivery of the Series 2010 Bonds, there shall be transferred monthly from the Revenue Fund and deposited into the Sinking Fund, a sum equal to at least 1/12 (or such larger amount as is necessary) of interest due on the next ensuing interest payment date with respect to all bonds outstanding plus the amount necessary to provide for payment of the next ensuing principal maturity of all bonds outstanding. **Section 6B(3)** requires the establishment of a Reserve Fund commencing with the first day of the calendar month following the initial delivery of the bonds, an amount equal to \$437.83 per month is to be placed in the Reserve Fund until there is accumulated in such fund the sum of \$52,540 (the minimum reserve). **Section 6B(4)** requires the establishment of a Surplus Fund, that monthly, commencing with the first day of the calendar month following the initial delivery of the Bonds, any money remaining in the Revenue Fund after reserving therein an adequate amount as working capital for the System, shall be transferred to the Surplus Fund.

**VILLAGE OF RIDGEWAY  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2022-002  
(Continued)**

**Material Weakness and Noncompliance (Continued)**

The Village established all three of these funds. However, due to deficiencies in internal policies and control procedures, the Sinking Fund was not utilized during 2021; instead, only 16,200 out of a total of \$52,472 were paid from the Sinking Fund, the remaining principal and interest payments in 2021 were paid from the Sewer Operating Fund. In 2022, \$424 in interest payment were paid from the Sewer Operating fund. The Reserve Fund had been established with a balance that exceeded the minimum required balance. The Surplus Fund did not have a balance in 2021 or 2022.

The failure to transfer the minimum required amount each month to the Sinking Fund could result in the Village not having adequate resources to make debt service payments. The failure to fund the Surplus Fund could result in the inability to make debt service payments in the event the Sinking Fund or Reserve Fund does not have adequate balances. Also, the Village may not have adequate funding to make extensions or improvements to the system or for other obligations of the System.

The Village should allocate money to the Sinking and Surplus Funds as required by the Bond agreement. Council should monitor the funding of all required funds.

We will refer this matter to the United States Department of Agriculture.

**OFFICIALS' RESPONSE:**

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

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

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2022 AND 2021**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2020-001	Material Weakness – Accuracy of Financial Reporting	Not Corrected	Reissued Under 2022-01
2020-002	Material Weakness – Bank to Book Reconciliation Errors	Corrected	N/A
2020-003	Finding was first issued in the 2011-2012 audit. Noncompliance and Significant Deficiency due to the Village failing to transfer the minimum required amount to the sinking fund and failing to establish the required surplus fund.	Partially Corrected	Reissued under 2022-02.

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF RIDGEWAY**

**HARDIN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/14/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)