



**VILLAGE OF RIDGEWAY
HARDIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF RIDGEWAY
HARDIN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Ridgeway, Hardin County, (the Village) as of and for the years ended December 31, 2000 and 1999. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2001, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of this audit.

This report is intended solely for the information and use of management and Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 13, 2001

**VILLAGE OF RIDGEWAY
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$10,277	\$7,207	\$17,484
Intergovernmental Receipts	24,237	12,213	36,450
Charges for Services	1,947		1,947
Miscellaneous	6,066	809	6,875
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	42,527	20,229	62,756
Cash Disbursements:			
Current:			
Security of Persons and Property	7,425	13,937	21,362
Public Health Services	3,830		3,830
Basic Utility Services	250		250
Transportation		2,223	2,223
General Government	23,796	212	24,008
	<hr/>	<hr/>	<hr/>
Total Disbursements	35,301	16,372	51,673
 Total Receipts Over Disbursements	 7,226	 3,857	 11,083
Other Financing Receipts:			
Sale Of Assets	2,075		2,075
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	9,301	3,857	13,158
Fund Cash Balances January 1	20,751	78,213	98,964
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$30,052</u>	<u>\$82,070</u>	<u>\$112,122</u>

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

VILLAGE OF RIDGEWAY
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

Operating Cash Receipts:	
Miscellaneous	\$7
Operating Cash Disbursements	<u>0</u>
Operating Income	7
Fund Cash Balance, January 1	<u>270</u>
Fund Cash Balance, December 31	<u><u>\$277</u></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
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$9,297	\$8,330		\$17,627
Intergovernmental Receipts	23,203	11,789	16,961	51,953
Charges for Services	1,225			1,225
Miscellaneous	4,334	790		5,124
	<u>38,059</u>	<u>20,909</u>	<u>16,961</u>	<u>75,929</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	7,003	10,537		17,540
Public Health Services	4,806			4,806
Basic Utility Services	1,056			1,056
Transportation		8,702		8,702
General Government	28,323	245		28,568
Capital Outlay		6,961	16,961	23,922
	<u>41,188</u>	<u>26,445</u>	<u>16,961</u>	<u>84,594</u>
Total Receipts (Under) Disbursements	(3,129)	(5,536)		(8,665)
Other Financing Receipts:				
Sale Of Assets	500			500
Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(2,629)	(5,536)	0	(8,165)
Fund Cash Balances January 1	<u>23,380</u>	<u>83,749</u>		<u>107,129</u>
Fund Cash Balances, December 31	<u><u>\$20,751</u></u>	<u><u>\$78,213</u></u>	<u><u>\$0</u></u>	<u><u>\$98,964</u></u>

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

VILLAGE OF RIDGEWAY
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

Operating Cash Receipts:	
Miscellaneous	\$8
Operating Cash Disbursements	<u>0</u>
Operating Income	8
Fund Cash Balance, January 1	<u>262</u>
Fund Cash Balance, December 31	<u><u>\$270</u></u>

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

**VILLAGE OF RIDGEWAY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Ridgeway, Hardin County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services and street maintenance.

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

B. Basis of Accounting

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

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

C. Cash and Investments

The Village's checking account, savings account, and certificate of deposits are valued at cost.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

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

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

Fire Apparatus Fund - This fund receives property tax revenue for providing fire protection for Village residents.

**VILLAGE OF RIDGEWAY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

Issue II Fund - The Village received a grant from the State of Ohio to repair the streets of the Village.

Community Development Block Grant (CDBG) - The Village received a grant from the State of Ohio to repair the curbs and sidewalks of the Village.

4. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Village had the following significant Fiduciary Fund:

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

E. Budgetary Process

The Ohio Revised Code requires that each fund 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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**VILLAGE OF RIDGEWAY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 61,560	\$ 50,750
Savings account	277	270
Certificate of deposit	<u>50,562</u>	<u>48,214</u>
Total deposits and investments	<u>\$ 112,399</u>	<u>\$ 99,234</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 was as follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 39,765	\$ 44,602	\$ 4,837
Special Revenue	19,151	20,229	1,078
Capital Projects	10,000	0	(10,000)
Non expendable Trust	<u>8</u>	<u>7</u>	<u>(1)</u>
Total	<u>\$ 68,924</u>	<u>\$ 64,838</u>	<u>\$ (4,086)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 49,526	\$ 35,301	\$ 14,225
Special Revenue	22,700	16,372	6,328
Capital Projects	0	0	0
Non expendable Trust	<u>10</u>	<u>0</u>	<u>10</u>
Total	<u>\$ 72,236</u>	<u>\$ 51,673</u>	<u>\$ 20,563</u>

**VILLAGE OF RIDGEWAY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 40,240	\$ 38,559	\$ (1,681)
Special Revenue	19,378	20,909	1,531
Capital Projects	29,000	16,961	(12,039)
Non expendable Trust	11	8	(3)
Total	<u>\$ 88,629</u>	<u>\$ 76,437</u>	<u>\$ (12,192)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 53,337	\$ 41,188	\$ 12,149
Special Revenue	50,186	26,445	23,741
Capital Projects	0	16,961	(16,961)
Non expendable Trust	10	0	10
Total	<u>\$ 103,533</u>	<u>\$ 84,594</u>	<u>\$ 18,939</u>

Ohio Rev. Code Section 5705.41 (B) states money is not to be expended unless appropriated. The significant variances shown above for the Capital Projects Fund were for Issue II and CDBG money received in 1999. The Issue II and CDBG money was paid on behalf of the Village which means that the Village did not actually receive and disburse cash. Since this did not pose a potential loss of revenue or the improper expenditure of money no budgetary citation was issued.

4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Village.

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.

**VILLAGE OF RIDGEWAY
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross wages. The Village contributed an amount equal to 13.55% of participants' gross salaries during the period of January 1, 1999 through June 30, 2000. During the period of July 1, 2000 through December 31, 2000, there was a temporary reduction which reduced the employer rate of 8.13%. The Village has paid all contributions required through December 31, 2000.

The Village has four council members who have chosen to contribute to the Social Security System. The Council's liability is a matching 6.2 percent of wages paid.

6. RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability
- Public official's liability
- Vehicle
- Property - Building/Contents
- Inland Marine

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited the financial statements of the Village of Ridgeway, Hardin County, (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 13, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-30233-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 13, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 13, 2001.

Village of Ridgeway
Hardin County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 13, 2001

VILLAGE OF RIDGEWAY
HARDIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

Finding Number	2000-30233-001
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Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) states that no order or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from an any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts less than \$1,000 for Villages may be paid by the fiscal officer without such certificate of the taxing authority 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 taxing authority.

Thirty-seven percent of the transactions tested were not certified by the Clerk prior to making orders for the expenditure of the Village funds. In addition, neither of the two exceptions above were utilized for these transactions. Procedures should be implemented not only to help assure compliance with this requirement, but to help prevent the unauthorized obligation of Village funds.

VILLAGE OF RIDGEWAY
HARDIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-30233-001	ORC Section 5705.41(D) for not properly certifying all expenditures	No	Not corrected during the audit period. Citation will be repeated.



STATE OF OHIO
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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 19, 2001**