

**VILLAGE OF ADA  
HARDIN COUNTY, OHIO**

***Financial Statements***  
**(Audited)**

For the Year Ended  
December 31, 2018





88 East Broad Street  
Columbus, Ohio 43215  
IPARepoort@ohioauditor.gov  
(800) 282-0370

Members of Council  
Village of Ada  
115 W. Buckeye Street  
Ada, Ohio 45810

We have reviewed the *Independent Auditor's Report* of the Village of Ada, Hardin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2018. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

#### **Noncompliance Citation / Finding for Recovery**

*State ex rel. McClure v. Hagerman*, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states, in part, the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

On January 31, 2018 the Village paid a Federal tax deposit penalty of \$284 for the third quarter of 2017. On February 2, 2018 the Village paid a Federal tax deposit penalty of \$775 for the second quarter of 2017. On April 2, 2019, the Village paid a Federal tax deposit penalty of \$1,204 for the third quarter of 2018.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against former Fiscal Officer, Crystal Huffer, in the amount of \$2,263 and in favor of the Ada Corporation Village of Ada Payroll Fund in the amount of \$2,263.

Members of Council  
Village of Ada  
115 W. Buckeye Street  
Ada, Ohio 45810  
Page -2-

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 Ada is responsible for compliance with these laws and regulations.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 3, 2020

**VILLAGE OF ADA  
HARDIN COUNTY, OHIO**

TABLE OF CONTENTS

|  | <u>PAGE</u> |
|--|-------------|
| Independent Auditor's Report .....   | 1 - 2       |
| Combined Statement of Receipts, Disbursements and Changes in Fund<br>Balances (Cash Basis) - All Governmental Fund Types -<br>For the Year Ended December 31, 2018.....              | 3           |
| Combined Statement of Receipts, Disbursements and Changes in Fund<br>Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types -<br>For the Year Ended December 31, 2018..... | 4           |
| Notes to the Financial Statements.....   | 5 - 17      |
| Independent Auditor's Report on Internal Control Over Financial Reporting<br>and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....              | 18 - 19     |
| Schedule of Findings and Responses.....  | 20 - 21     |
| Summary Schedule of Prior Audit Findings.....  | 22          |

**This page intentionally left blank.**



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report**

Village of Ada  
Hardin County  
115 W. Buckeye Street  
Ada, Ohio 45810

To the Members of Council and Mayor:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Ada, Hardin County, Ohio, as of and for the year ended December 31, 2018.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village of Ada's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village of Ada's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village of Ada prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village of Ada does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Ada as of December 31, 2018, and the respective changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Ada, Hardin County, Ohio, as of December 31, 2018, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of the Village of Ada'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 of Ada's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
December 13, 2019



**VILLAGE OF ADA  
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018

|  | Governmental Fund Types |                     |                  |                     | Total<br>(Memorandum<br>Only) |
|--|-------------------------|---------------------|------------------|---------------------|-------------------------------|
|  | General                 | Special<br>Revenue  | Debt<br>Service  | Capital<br>Projects |                               |
| Cash receipts:                                 |                         |                     |                  |                     |                               |
| Property and Other Local Taxes                 | \$ 71,756               | \$ -                | \$ -             | \$ -                | \$ 71,756                     |
| Municipal Income Tax                           | 1,128,320               | 733,408             | -                | -                   | 1,861,728                     |
| Intergovernmental                              | 73,736                  | 161,334             | -                | 65,235              | 300,305                       |
| Special Assessments                            | 95,989                  | -                   | -                | -                   | 95,989                        |
| Charges for Services                           | 37,390                  | 72,796              | -                | -                   | 110,186                       |
| Fines, Licenses and Permits                    | 27,034                  | -                   | -                | -                   | 27,034                        |
| Earnings on Investments                        | 117,491                 | 11,535              | -                | -                   | 129,026                       |
| Miscellaneous                                  | 71,731                  | 13,622              | -                | 17,362              | 102,715                       |
| Total cash receipts                            | <u>1,623,447</u>        | <u>992,695</u>      | <u>-</u>         | <u>82,597</u>       | <u>2,698,739</u>              |
| Cash disbursements:                            |                         |                     |                  |                     |                               |
| Current:                                       |                         |                     |                  |                     |                               |
| Security of Persons and Property               | 154,911                 | 645,680             | -                | -                   | 800,591                       |
| Public Health Services                         | 13,852                  | -                   | -                | -                   | 13,852                        |
| Leisure Time Activities                        | 13,370                  | 161,835             | -                | -                   | 175,205                       |
| Community Environment                          | 20,946                  | -                   | -                | -                   | 20,946                        |
| Transportation                                 | 352,256                 | 64,819              | -                | -                   | 417,075                       |
| General Government                             | 277,516                 | -                   | -                | -                   | 277,516                       |
| Capital Outlay                                 | 4,489                   | -                   | -                | 1,614,550           | 1,619,039                     |
| Debt Service:                                  |                         |                     |                  |                     |                               |
| Principal Retirement                           | 136,799                 | 15,750              | 35,015           | -                   | 187,564                       |
| Interest and Fiscal Charges                    | 58,198                  | 5,857               | 4,793            | -                   | 68,848                        |
| Total cash disbursements                       | <u>1,032,337</u>        | <u>893,941</u>      | <u>39,808</u>    | <u>1,614,550</u>    | <u>3,580,636</u>              |
| Excess of receipts over (under) disbursements  | <u>591,110</u>          | <u>98,754</u>       | <u>(39,808)</u>  | <u>(1,531,953)</u>  | <u>(881,897)</u>              |
| Other Financing Receipts (Disbursements):      |                         |                     |                  |                     |                               |
| Loan Proceeds                                  | -                       | -                   | -                | 987,731             | 987,731                       |
| Transfers In                                   | 1,030,789               | 52,864              | 98,000           | 203,952             | 1,385,605                     |
| Transfers Out                                  | <u>(1,234,741)</u>      | <u>(150,864)</u>    | <u>-</u>         | <u>-</u>            | <u>(1,385,605)</u>            |
| Total Other Financing Receipts (Disbursements) | <u>(203,952)</u>        | <u>(98,000)</u>     | <u>98,000</u>    | <u>1,191,683</u>    | <u>987,731</u>                |
| Net change in fund cash balances               | 387,158                 | 754                 | 58,192           | (340,270)           | 105,834                       |
| Fund cash balances, January 1, 2018            | <u>1,923,080</u>        | <u>1,166,113</u>    | <u>-</u>         | <u>1,124,794</u>    | <u>4,213,987</u>              |
| Fund cash balances:                            |                         |                     |                  |                     |                               |
| Restricted                                     | 181,543                 | 1,166,867           | 58,192           | 784,524             | 2,191,126                     |
| Committed                                      | 200,000                 | -                   | -                | -                   | 200,000                       |
| Assigned                                       | 844,240                 | -                   | -                | -                   | 844,240                       |
| Unassigned (Deficit)                           | 1,084,455               | -                   | -                | -                   | 1,084,455                     |
| Fund cash balances, December 31, 2018          | <u>\$ 2,310,238</u>     | <u>\$ 1,166,867</u> | <u>\$ 58,192</u> | <u>\$ 784,524</u>   | <u>\$ 4,319,821</u>           |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF ADA  
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018

|  | Proprietary<br>Fund Type | Fiduciary Fund<br>Type | Total<br>(Memorandum<br>Only) |
|--|--------------------------|------------------------|-------------------------------|
|  | Enterprise               | Agency                 |                               |
| Operating cash receipts:                         |                          |                        |                               |
| Charges for Services                             | \$ 3,030,067             | \$ -                   | \$ 3,030,067                  |
| Miscellaneous                                    | 55,268                   | 181                    | 55,449                        |
| Total operating cash receipts                    | <u>3,085,335</u>         | <u>181</u>             | <u>3,085,516</u>              |
| Operating cash disbursements:                    |                          |                        |                               |
| Personal Services                                | 443,089                  | -                      | 443,089                       |
| Employee Fringe Benefits                         | 137,900                  | -                      | 137,900                       |
| Contractual Services                             | 227,586                  | -                      | 227,586                       |
| Supplies and Materials                           | 902,946                  | -                      | 902,946                       |
| Total operating cash disbursements               | <u>1,711,521</u>         | <u>-</u>               | <u>1,711,521</u>              |
| Operating income (loss)                          | <u>1,373,814</u>         | <u>181</u>             | <u>1,373,995</u>              |
| Nonoperating cash receipts/(disbursements):      |                          |                        |                               |
| Loan Proceeds                                    | 441,470                  | -                      | 441,470                       |
| Intergovernmental                                | 617,287                  | -                      | 617,287                       |
| Capital Outlay                                   | (970,651)                | -                      | (970,651)                     |
| Debt service:                                    |                          |                        |                               |
| Principal  | (900,138)                | -                      | (900,138)                     |
| Interest   | (187,092)                | -                      | (187,092)                     |
| Total nonoperating cash receipts/(disbursements) | <u>(999,124)</u>         | <u>-</u>               | <u>(999,124)</u>              |
| Income (Loss) before Transfers                   | 374,690                  | 181                    | 374,871                       |
| Transfers In                                     | 207,133                  | -                      | 207,133                       |
| Transfers Out                                    | (207,133)                | -                      | (207,133)                     |
| Net change in fund cash balances                 | 374,690                  | 181                    | 374,871                       |
| Fund cash balances, January 1, 2018              | <u>4,296,158</u>         | <u>18,464</u>          | <u>4,314,622</u>              |
| Fund cash balances, December 31, 2018            | <u>\$ 4,670,848</u>      | <u>\$ 18,645</u>       | <u>\$ 4,689,493</u>           |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**Village of Ada, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 1 - Reporting Entity**

The Village of Ada, Hardin County, Ohio (the “Village”) 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 for four-year terms. The Mayor is elected to a four-year term and votes only to break a tie. The Village provides general governmental services, water and sewer utilities, maintenance of Village roads and bridges, pool operations, and police services. The Village contracts with Ada-Liberty Township Fire Department for fire protection services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in two jointly governed organizations which are the Ada-Liberty Joint Ambulance District and Hardin County Regional Planning Commission, and one public entity risk pool which is the Ohio Municipal League Group Rating Plan. Note 11 and Note 12 to the financial statements provides additional information for these entities.

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

**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 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.

***Safety Tax Levy Fund*** The safety tax levy fund accounts for and reports receipts from a safety tax levy restricted for police officers’ wages, benefits, uniforms, and equipment.

**Village of Ada, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 2 - Summary of Significant Accounting Policies – (Continued)**

**Debt Service Funds** This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following Debt Service Fund:

**Pool Debt Service Fund** This fund receives transfers, which consist of monies collected from pool admissions and the monies are used to retire debt incurred to operate the Village's pool.

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

**Capital Projects Fund** The capital projects fund accounts for and reports capital improvements within the Village.

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

**Water Fund** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village and the payment of any related debts.

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

**Storm Sewer Fund** The storm sewer fund accounts for the provision of storm sewer services to the residents and commercial users within the Village and the payment of any related debts and capital outlay.

**Fiduciary Funds** Fiduciary funds include private-purpose trust funds and agency 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. The Village did not have private-purpose trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for Fire damage bonds and Safer program donations and expenditures.

***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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**Village of Ada, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 2 - Summary of Significant Accounting Policies – (Continued)**

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2018 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.

The Village invested in certificates of deposit, which were purchased through the CDARS program.

***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.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***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.

**Village of Ada, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 2 - Summary of Significant Accounting Policies – (Continued)**

***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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

***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.

This space is intentionally left blank.

**Village of Ada, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

| 2018 Budgeted vs. Actual Receipts |                      |                    |               |
|-----------------------------------|----------------------|--------------------|---------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance      |
| General                           | \$3,793,068          | \$2,654,236        | (\$1,138,832) |
| Special Revenue                   | 1,246,480            | 1,045,559          | (200,921)     |
| Debt Service                      | 196,000              | 98,000             | (98,000)      |
| Capital Projects                  | 2,913,264            | 1,274,280          | (1,638,984)   |
| Enterprise                        | 4,570,518            | 4,351,225          | (219,293)     |
| Total                             | \$12,719,330         | \$9,423,300        | (\$3,296,030) |

| 2018 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |             |
|---|----------------------------|---------------------------|-------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
| General   | \$2,816,407                | \$2,337,605               | \$478,802   |
| Special Revenue                                       | 1,318,287                  | 1,046,517                 | 271,770     |
| Debt Service  | 98,000                     | 39,808                    | 58,192      |
| Capital Projects                                      | 2,863,059                  | 2,223,783                 | 639,276     |
| Enterprise  | 4,226,017                  | 4,026,804                 | 199,213     |
| Total   | \$11,321,770               | \$9,674,517               | \$1,647,253 |

**Note 4 – Deposits and Investments**

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

|                                |             |
|--------------------------------|-------------|
|                                | 2018        |
| Demand deposits                | \$1,651,867 |
| Certificates of deposit        | 7,357,447   |
| Total deposits and investments | \$9,009,314 |

***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.

***Investments***

The Village invested in certificates of deposit, which were purchased through the CDARS program with Liberty National Bank.

**Village of Ada, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is 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 1.65 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. The Village's income taxes are collected by the Central Collection Agency.

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.

**Note 6 - Risk Management**

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

|                       |              |
|-----------------------|--------------|
|                       | <u>2018</u>  |
| Cash and investments  | \$35,381,789 |
| Actuarial liabilities | \$12,965,015 |

Settled claims has not exceeded this coverage in the past three years. There has been no significant reduction in coverage from the prior year.



**Village of Ada, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most 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 postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

| <i>Retirement Rates</i> | <i>Year</i> | <i>Member Rate</i> | <i>Employer Rate</i> |
|-------------------------|-------------|--------------------|----------------------|
| <i>OPERS – Local</i>    | <i>2018</i> | <i>10%</i>         | <i>14%</i>           |

***Ohio Police and Fire Retirement System***

Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

| <i>Retirement Rates</i>           | <i>Year</i> | <i>Member Rate</i> | <i>Employer Rate</i> |
|-----------------------------------|-------------|--------------------|----------------------|
| <i>OP&amp;F- full time police</i> | <i>2018</i> | <i>12.25%</i>      | <i>19.5%</i>         |

***Social Security***

Elected Officials who have the option to opt out of OPERS in accordance with Ohio Revised Code 145.01 (B) or Ohio Administrative Code Section 145-1-26 and Ohio Revised Code Section 742.01, respectively are subject to Social Security Tax.

Two elected officials are participating in 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, 2018.

**Village of Ada, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include 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 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**Note 9 – Debt**

Debt outstanding at December 31, 2018 was as follows:

| <u>Description</u>  | <u>Balance at<br/>12/31/2018</u> | <u>Interest<br/>Rate</u> |
|---|----------------------------------|--------------------------|
| OPWC Loan CP16T   | \$ 124,789                       | 0.00%                    |
| OPWC Loan CP36S   | 175,770                          | 0.00%                    |
| OPWC Loan CT42Q   | 345,566                          | 0.00%                    |
| OPWC Loan CT89M   | 61,770                           | 0.00%                    |
| OPWC Loan CP24T (not finalized)                                 | 496,698                          | 0.00%                    |
| OPWC Loan CP31U (not finalized)                                 | 332,194                          | 0.00%                    |
| OWDA Loan #3334   | 313,693                          | 2.20%                    |
| OWDA Loan #6826 (not finalized)                                 | 12,687,689                       | 1.00%                    |
| Various Purpose Improvement and Refunding<br>Bonds, Series 2013 | 2,185,000                        | 1.15% - 4.375%           |
| Liberty National Bank-Pool (not finalized)                      | 541,600                          | 3.50%                    |
| Liberty National Bank-Willeke Phase I (not<br>finalized)        | <u>371,361</u>                   | 5.00%                    |
| Total   | <u><u>\$ 17,636,130</u></u>      |                          |

The Ohio Water Development Authority (OWDA) loan #3334 relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency (EPA). The OWDA approved up to \$1,749,951.83 in a loan to the Village for this project. The Village will repay the loan in semiannual installments of \$54,313.44, including interest at a rate of 2.2%, over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This loan will be paid off in full on 1-01-2022 from the Sewer Debt Retirement Fund.

**Village of Ada, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 9 – Debt – (Continued)**

The Ohio Public Works Commission (OPWC) loan #CT89M relates to the East Lincoln Street Project. The OPWC approved up to \$632,550 but the Village only borrowed \$85,791.18 in a loan for this project. The Village will repay the loan in semiannual installments of \$1,715.82, including interest at a rate of 0% over 25 years. Storm Sewer receipts collateralize the loan. This loan will be paid off in full on 1-1-2037 from the Storm Sewer Fund.

The Ohio Public Works Commission (OPWC) loan #CT42Q relates to the East Lima Avenue Project. The OPWC approved up to \$383,962.55 in a loan to the Village for this project. The Village will repay the loan in semiannual installments of \$6,399.38, including interest at a rate of 0% over 30 years. Storm Sewer receipts collateralize the loan. This loan will be paid off in full on 1-1-2046 from the Storm Sewer Fund.

The Various Purpose Improvement and Refunding Bonds, Series 2013 was issued to refinance the Buckeye Streetscape, a partial amount of the Main Street Streetscape, and the Concrete Streets Streetscape projects. The Huntington National Bank approved up to \$2,890,000 in various purpose bonds to the Village for these projects. The Village will repay the bonds in semiannual installments of varying amounts, including interest of varying from 1.15% to 4.375% over 20 years. Income Tax receipts collateralize the loan. This loan will be paid off in full on 12-1-2033 from the General Fund, Street Fund, Street Construction, Maintenance, and Repair Fund, Water Fund, and Storm Sewer Fund.

The Ohio Public Works Commission (OPWC) loan #CP16T relates to the North Simon Storm Sewer project. The OPWC approved up to \$146,000 in a loan for this project. The Village will repay the loan in semiannual installments of \$2,228.38, including interest at a rate of 0% over 30 years. Storm Sewer receipts collateralize the loan. This loan will be paid off in 2046 from the Storm Sewer Fund.

The Ohio Public Works Commission (OPWC) loan #CP36S loan relates to the Elevated Water Tower Improvements. The OPWC approved up to \$195,300 in a loan for this project. The Village will repay the loan in semiannual installments of \$4,882.50, including interest at a rate of 0% over 20 years. Water receipts collateralize the loan. This loan will be paid off in 2036 from the Water Debt Retirement Fund.

There are a few projects that have not be finalized as of December 31, 2018, they are as follows:

The Ohio Public Works Commission (OPWC) loan #CP24T relates to the West-Side Storm Sewer project Phase 1. The OPWC approved up to \$500,000 in a loan for this project. The Village will repay the loan in semiannual installments of \$16,666.67, including interest at a rate of 0% over 30 years. Storm Sewer receipts collateralize the loan. This loan will be paid off in 2046 from the Storm Sewer Fund. No amortization schedule is available until the project is finalized. This project has been completed but the paperwork has yet to be finalized.

The Ohio Public Works Commission (OPWC) loan #CP31U relates to the West-Side Storm Sewer project Phase 2. The OPWC approved up to \$500,000 in a loan for this project. The Village will repay the loan in semiannual installments of \$16,666.67, including interest at a rate of 0% over 30 years. Storm Sewer receipts collateralize the loan. This loan will be paid off in 2046 from the Storm Sewer Fund. No amortization schedule is available until the project is finalized. This project has been completed but the paperwork has yet to be finalized.

**Village of Ada, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 9 – Debt – (Continued)**

The Liberty National Bank loan was for the renovation of the pool. The original loan requested was for \$700,000.00. Bids to complete the project were lower than expected; thus, the Village only needed to borrow an actual cost of \$541,600. This loan has an interest rate of 3.50%, over 5 years. Pool income tax receipts collateralize the loan. At which time the Village will review bonding with other loans. No amortization schedule is available until the project is finalized. This project has been completed but the paperwork has yet to be finalized.

The Village borrowed \$700,000.00 from Liberty National Bank for the Willeke Phase I project for the purpose of street reconstruction projects on Willeke Avenue, Orders Street, Oak Street and Ankerman Street. The Village only used \$411,116.59 of the loan. The Village will repay the loan in semiannual installments including interest at a rate of 5.00% interest over 5 years. At which time, the loan will converted to a bond. Willeke Assessments and multiple fund receipts will collateralize the loan. Thus, an amortization schedule will be provided when the project is finalized. This project has been completed but the paperwork has yet to be finalized.

The Ohio Water Development Authority (OWDA) loan #6826 relates to a sewer system reconstruction project that was mandated by the Ohio Environmental Protection Agency (EPA). The reconstruction consisted of a new influent pump station, a headworks building for screening and grit removal, a new activated sludge plant with an orbil aeration, settlement structures, generator, and a new lab building. The existing aeration tanks were converted to aerobic digesters and an additional chlorine contact tank. An existing lab and pump building were demolished. The OWDA approved up to \$15,119,197.70 in loans to the Village for the project. The Village will repay the loans in semiannual installment of \$417,978.06, including interest at a rate of 1%, over 20 years. The scheduled payment amount above assumes that \$15,119,197.70 will be borrowed. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This loan will be paid off in full on 7-1-2036 from the Sewer Debt Retirement Fund. No amortization schedule is available until the project is finalized. This project has been completed but the paperwork has yet to be finalized.

This space is intentionally left blank.

**Village of Ada, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 9 – Debt – (Continued)**

***Amortization***

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

| Year Ending<br>December 31, | OPWC Loan<br>CP16T | OPWC<br>Loan<br>CP36S | OPWC Loan<br>CT42Q | OPWC<br>Loan<br>CT89M | OWDA<br>Loan 3334 | Improvement<br>& Refund<br>Bonds Series<br>2013 |
|-----------------------------|--------------------|-----------------------|--------------------|-----------------------|-------------------|---|
| 2019                        | \$4,457            | \$9,765               | \$12,799           | \$3,432               | \$108,627         | \$235,004                                       |
| 2020                        | \$4,457            | \$9,765               | \$12,799           | \$3,432               | \$108,627         | \$231,324                                       |
| 2021                        | \$4,457            | \$9,765               | \$12,799           | \$3,432               | \$108,627         | \$237,644                                       |
| 2022                        | \$4,457            | \$9,765               | \$12,799           | \$3,432               | \$0               | \$233,394                                       |
| 2023                        | \$4,457            | \$9,765               | \$12,799           | \$3,432               | \$0               | \$238,294                                       |
| 2024-2028                   | \$22,284           | \$48,825              | \$63,994           | \$17,158              | \$0               | \$941,994                                       |
| 2029-2033                   | \$22,284           | \$48,825              | \$63,994           | \$17,158              | \$0               | \$687,819                                       |
| 2034-2038                   | \$22,284           | \$29,295              | \$63,994           | \$10,294              | \$0               | \$0   |
| 2039-2043                   | \$22,284           | \$0                   | \$63,994           | \$0                   | \$0               | \$0   |
| 2044-2046                   | \$13,368           | \$0                   | \$25,595           | \$0                   | \$0               | \$0   |
| Total                       | <u>\$124,789</u>   | <u>\$175,770</u>      | <u>\$345,566</u>   | <u>\$61,770</u>       | <u>\$325,881</u>  | <u>\$2,805,473</u>                              |

***Leases***

The Village leases vehicles and other equipment under noncancelable leases. The Village disbursed \$42,698 (\$40,865 in principal) to pay lease costs for the year ended December 31, 2018. Future lease payments (including interest) are as follows:

| <u>Year</u>  | <u>Amount</u>   |
|--------------|-----------------|
| 2019         | \$34,471        |
| 2020         | \$27,846        |
| <u>2021</u>  | <u>\$19,462</u> |
| <u>Total</u> | <u>\$81,779</u> |

**Note 10 – Contingent Liabilities**

The Village is not a defendant in any lawsuits at this time.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Village of Ada, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 11 – Jointly Governed Organizations**

**Ada Liberty Joint Ambulance District**

The Board of Trustees consists of one member appointed by each subdivision plus one member appointed by the other two members. Those subdivisions are the Village of Ada and Liberty Township. The District provides emergency medical service with the District and by contract to areas outside the District. Financial information can be obtained from Nancy Kindle, Fiscal Officer, 530 North Gilbert Street, Ada, Ohio 45810.

**Hardin County Regional Planning Commission**

The Hardin County Regional Planning Commission (the Commission) is a jointly-governed organization between the County, the Municipalities, and the Townships with 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 makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. 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

**Note 12 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 13 – Related Party Transactions**

Cathy Cole, a Village Council member, is owner of Cole Motor Sales in Ada, Ohio from which the Village acquired a vehicle lease from Ford Motor Credit in the amount of \$36,073 and received vehicle maintenance during the year in the amount of \$4,409.

Jeff Oestreich, a Village Council member, is an employee for WCOIL for which the Village receives phone, internet, and email services throughout the year. The Village paid \$9,851 for these services.

**Note 14 – Subsequent Events**

The Village has several street projects that are in the middle of receiving grants and loans to help fund them. These include the Willeke Phase 2 Project with an estimated cost of \$1,403,673, the Ream Phase 2 Project with an estimated cost of \$735,843, the Ream Waterline Project with an estimated cost of \$129,008, and the Grandview-Hays Storm Sewer Project with an estimated cost of \$990,000. The Village is also in the middle of collecting funds for the Municipal Building Improvement Project with an estimated cost of \$900,000 for the project.

**Village of Ada, Ohio**  
*Hardin County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 14 – Subsequent Events – (Continued)**

In April 2019, the Fiscal Officer during the audit period departed from the Village.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

Village of Ada  
Hardin County  
115 W. Buckeye Street  
Ada, Ohio 45810

To the Members of Council and Mayor:

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 by fund type of the Village of Ada, Hardin County, Ohio, as of and for the year ended December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated December 13, 2019, wherein we noted the Village of Ada followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village of Ada's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village of Ada's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village of Ada's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider material weaknesses. We consider findings 2018-001 and 2018-002 to be material weaknesses.



***Compliance and Other Matters***

As part of reasonably assuring whether the Village of Ada's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Village of Ada's Responses to Findings***

The Village of Ada's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not subject the Village of Ada's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***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 of Ada's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Ada's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
December 13, 2019

**VILLAGE OF ADA  
HARDIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2018**

| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |          |
|--|----------|
| Finding Number   | 2018-001 |

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made.

Numerous adjustments were made to the financial statements and note disclosures to properly state amounts. The audited financial statements, note disclosures, and Village records have been adjusted for the misstatements identified during the audit. These adjustments included, but were not limited to, improper fund classifications; untimely posting of receipts and disbursements, which relates to the Material Weakness noted in Finding Number 2018-002; and reclassifications related to loan proceeds recorded as intergovernmental receipts.

Control procedures not properly developed related to the financial statements limit management’s ability to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. Additionally, management will not have the necessary information to make timely and well-informed business decisions.

We recommend the Village of Ada implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to presenting them to the auditors. A second review of the monthly cash activity and financial statements by someone other than the individual preparing them would be beneficial.

*Client Response:* The Fiscal Officer will work to provide a sound fiscal environment for the Village and has implemented additional policies and procedures to help with financial statement presentation. In addition, the current Fiscal Officer is working on a new account number structure which follows GASB guidelines.

|                |          |
|----------------|----------|
| Finding Number | 2018-002 |
|----------------|----------|

Material Weakness – Bank Reconciliation

The completion of timely monthly bank reconciliations to zero unidentified differences is critical to financial data reporting for both the Village Council and its citizens.

The Village was unable to provide timely monthly bank reconciliations to zero unidentified differences for both its main operating account and its payroll account.

VILLAGE OF ADA  
HARDIN COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2018

| FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued) |                        |
|--|------------------------|
| Finding Number   | 2018-002 - (Continued) |

The Village was unable to reconcile due in part to untimely posting of receipts and disbursements along with one-sided postings of journal entries. The Village contracted with an outside accounting firm to assist in the accurate reconciling of their operating account as of December 31, 2018. The Village's accounting records and financial statements have been corrected to include these adjusting entries necessary to reconcile. The Village's payroll account was not properly reconciled as of year end. The remaining unidentified differences amounted to \$34,216.

Without timely monthly bank reconciliations to zero unidentified differences the Village is at risk of mis-postings of receipts and disbursements going unnoticed which could lead to inaccurate financial reporting and the potential for misstatements.

We recommend the Village seek outside consulting if necessary to perform timely monthly bank reconciliations over all accounts with zero unidentified differences, and present these completed bank statements to the Village Council on a monthly basis for review and approval. This will help ensure the accuracy of reporting on a timely basis.

Client Response: The Village began utilizing a new financial computer software during the year. In addition, there were several changes to the Fiscal Officer position which facilitated this function not to be completed timely. The Village has implemented this for the year ended 2019.

**VILLAGE OF ADA  
HARDIN COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2018**

| <b>Finding Number</b> | <b>Year Initially Occurred</b> | <b>Finding Summary</b>   | <b>Status</b>  | <b>Additional Information</b>  |
|-----------------------|--------------------------------|--|--|--|
| 2017-001              | 2016                           | <u>Material Weakness - Financial Statement Presentation</u> - A monitoring system by the Fiscal Officer and Village Council should be in place to prevent or detect material misstatements for the accurate presentation to the Village's financial statements. The Village had several audit adjustments.   | Not Corrected  | Finding repeated as 2018-001 as the Village's financial report required audit adjustments. |
| 2017-002              | 2017                           | <u>Material Noncompliance</u> - Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the last certified amended certificate. The Village did not request timely amended certificates throughout the fiscal year upon notice of increased or decreased resources and did not properly certify its most current estimated resources to the appropriate authorities which caused appropriations to exceed estimated resources, throughout the fiscal year and at fiscal year-end.  | Corrective Action Taken and Finding is Fully Corrected | N/A  |
| 2017-003              | 2017                           | <u>Material Noncompliance</u> - Ohio Revised Code Section 5705.39 requires that a subdivision's total appropriations from each fund should not exceed total estimated resources. The Village had total appropriations exceeding total estimated resources in the Street Construction Maintenance and Repair Fund at December 31, 2017.   | Corrective Action Taken and Finding is Fully Corrected | N/A  |
| 2017-004              | 2017                           | <u>Material Noncompliance</u> - Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. The Village had appropriations in excess of actual resources, which consists of actual revenues and beginning unencumbered fund balance, in the Street Construction Maintenance and Repair Fund at December 31, 2017. | Corrective Action Taken and Finding is Fully Corrected | N/A  |

# OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ADA

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  
APRIL 16, 2020