

**VILLAGE OF ADA  
HARDIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2005 - 2004**





Mary Taylor, CPA  
Auditor of State

Village Council  
Village of Ada  
115 West Buckeye Street  
P.O. Box 292  
Ada, Ohio 45810

We have reviewed the *Independent Accountants' Report* of the Village of Ada, Hardin County, prepared by Knox & Knox, for the audit period January 1, 2004 through December 31, 2005. 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 Ada is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

February 21, 2006

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VILLAGE OF ADA  
HARDIN COUNTY

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# KNOX & KNOX

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Accountants and Consultants

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Ada  
Hardin County  
115 West Buckeye Street  
Ada, Ohio 45810

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Ada, Hardin County, Ohio (the Village), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Ada, Hardin County, Ohio, as of December 31, 2005 and 2004, and the respective changes in cash financial position and the respective budgetary comparison for the General, Street, Permissive Motor Vehicle License, and Street Maintenance and Repair Funds thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

For the years ended December 31, 2005 and 2004, the Village revised its financial presentation comparable to the requirements of Governmental accounting Standard No. 34, *Basic Financial Statements—Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2006, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

*KNOX & KNOX*

Orrville, Ohio  
June 16, 2006



**VILLAGE OF ADA  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED**

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This discussion and analysis of the Village of Ada financial performance provides an overall review of the Village's financial activities for the fiscal year ended December 31, 2005 and 2004, within the limitations of the cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**HIGHLIGHTS**

Key highlights are as follows:

In total, net assets increased \$142,287 or 7.7 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Street Maintenance Fund, which had a 76 percent increase in revenue and a 45 percent decrease in expenditures from the prior year.

The Village's general receipts are primarily income taxes and local governmental funds. These receipts represent 61 percent of the total general fund cash received during the year. Income tax receipts for 2005 were up by a small margin of 2 percent due to additional development within the Village and local governmental funds were down due to a freeze from the state.

The general fund average increase in expenses was 9.75 percent and increase in income tax receipts were only 2 percent. If the general fund continues to increase expenses at this rate, additional revenue sources should be considered or cuts should be made to stay within a balanced budget.

The water operation, one of the Village's business-type activities, had a net increase in its fund balance for 2005. Water rates were increased in 2005.

The sewer operation, one of the Village's business-type activities, had more expenditures than money received for the year due to a prior carryover balance. As a result, sewer rates were subsequently increased in 2006.

The refuse operation, one of the Village's business-type activities, breaks even every year.

**USING THE BASIC FINANCIAL STATEMENTS**

The annual report is presented in a format consistent with the presentation requirements of Government Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

The statement of net assets and the statement of activities provide information about the cash activities of the whole Village.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

**VILLAGE OF ADA  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The notes to the financial statements are an integral part of the Village-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**REPORTING THE GOVERNMENT AS A WHOLE**

The statement of net assets and the statement of activities reflect how the Village did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Government into two types of activities:

Governmental activities. Most of the Government's basic services are reported here, including police, streets and pool. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**VILLAGE OF ADA  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED**

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Business-type activities. The Government has various business-type activities, including the provision of water, sewer, storm-sewer, and refuse. Business-type activities are financed by a fee charged to the customers receiving the service.

**REPORTING THE GOVERNMENT'S MOST SIGNIFICANT FUNDS**

Fund financial statements provide detailed information about the Village's major funds—not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: government, proprietary and fiduciary.

**Governmental Funds** - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General, Street, Permissive, and Street Maintenance and Repair Funds. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**Proprietary Funds** - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has various enterprise funds, including the water fund, sewer fund, the storm-sewer fund, and the refuse fund. When the services are provided to other departments of the Village, the service is reported as an internal service fund. The Village does not have any internal service funds.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

**VILLAGE OF ADA  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED**

**THE VILLAGE AS A WHOLE**

Table 1 provides a summary of the Village's net assets for 2005 and 2004 on a cash basis.

(Table 1)						
<b>Net Assets</b>						
	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Assets</b>						
Cash & Cash Equivalents	\$ 944,769	\$ 828,179	\$ 1,039,580	\$ 1,013,883	\$ 1,984,349	\$ 1,842,062
<b>Total Assets</b>	<u>\$ 944,769</u>	<u>\$ 828,179</u>	<u>\$ 1,039,580</u>	<u>\$ 1,013,883</u>	<u>\$ 1,984,349</u>	<u>\$ 1,842,062</u>
<b>Net Assets</b>						
Restricted for:						
Debt Service	\$ 26,245	\$ 164,974			\$ 26,245	\$ 164,974
Capital Outlay	\$ 86,905	\$ 60,904			\$ 86,905	\$ 60,994
Other Purposes	\$ 595,974	\$ 344,032	\$ 1,039,580	\$ 1,013,883	\$ 1,635,554	\$ 1,357,915
Unrestricted	\$ 235,645	\$ 258,179			\$ 235,645	\$ 258,179
<b>Total Net Assets</b>	<u>\$ 949,769</u>	<u>\$ 828,179</u>	<u>\$ 1,039,580</u>	<u>\$ 1,013,883</u>	<u>\$ 1,984,349</u>	<u>\$ 1,842,062</u>

As mentioned previously, net assets increased \$142,287 or 7.7 percent during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- The Village was reimbursed from FEMA and the State for an ice storm in January 2005.
- Income tax increased 2 percent in 2005 compared to 2004. This is approximately \$17,463.
- The Village received an inheritance tax that was unexpected of about \$45,000.
- Major street projects were postponed until 2006.

Table 2 reflects the changes in net assets in 2005 and 2004.

**VILLAGE OF ADA  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED**

Table 2						
Changes in Net Assets						
	Governmental	Business-Type		Government	Business-	
	Activities	Activities	Total	Activities	Activities	Total
	2005	2005	2005	2004	2004	2004
<b>Receipts:</b>						
<b>Program Receipts:</b>						
Charges for Services & Sales	\$70,785	\$1,422,826	\$1,493,611	\$55,985	\$1,349,319	\$1,405,304
Total Program Receipts	\$70,785	\$1,422,826	\$1,493,611	\$55,985	\$1,349,319	\$1,405,304
<b>General Receipts:</b>						
Property & Other Local Taxes	\$938,936		\$938,936	\$942,272		\$942,272
Intergovernmental	\$585,492	\$47,649	\$623,141	\$687,950		\$687,950
Fines, Licenses, & Permits	\$42,082		\$42,082	\$41,413		\$41,413
Other Financing Sources		\$198,240	\$198,240	\$1,620,710		\$1,620,710
Special Assessments	\$23,915		\$23,915	\$204,323		\$204,323
Miscellaneous	\$154,463	\$12,147	\$166,610	\$95,524	\$19,484	\$115,013
Total General Receipts	\$1,744,888	\$258,036	\$2,002,924	\$3,592,192	\$19,489	\$3,611,681
Total Receipts	\$1,815,673	\$1,680,862	\$3,496,535	\$3,648,177	\$1,368,808	\$5,016,985
<b>Disbursements:</b>						
General Government	\$251,961		\$251,961	\$226,667		\$226,667
Security of Persons & Property	\$600,873		\$600,873	\$581,926		\$581,926
Public Health Services	\$20,074		\$20,074	\$20,088		\$20,088
Leisure Time Activities	\$92,560		\$92,560	\$73,420		\$73,420
Community Environment	\$10,514		\$10,514	\$9,362		\$9,362
Basic Utilities		\$1,131,689	\$1,131,689		\$1,183,041	\$1,183,041
Transportation	\$465,142		\$465,142	\$446,746		\$446,746
Capital Outlay	\$134,564	\$132,660	\$267,224	\$1,898,674		\$1,898,674
Principal Retirement/Interest	\$117,630	\$391,816	\$508,446	\$68,790	\$367,721	\$436,511
Other	\$5,765	\$249	\$6,014			
Total Disbursements	\$1,699,083	\$1,655,165	\$3,354,248	\$3,325,673	\$1,550,762	\$4,876,435
Increase (Deficiency)	\$116,590	\$25,697	\$142,287	\$322,504	(\$181,954)	\$140,550
Net Assets, January 1, 2005 & 2004	\$828,179	\$1,013,883	\$1,842,062	\$505,675	\$1,195,837	\$1,701,512
Net Assets, December 31, 2005 & 2004	\$944,769	\$1,039,580	\$1,984,349	\$828,179	\$1,013,883	\$1,842,062

**VILLAGE OF ADA  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED**

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Program receipts represent only 42 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees.

General receipts represent 57 percent of the Village's total receipts, and of this amount, over 26 percent are local taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Government. These include the costs of council, the fiscal officer, and income tax departments, as well as services such as payroll and purchasing.

Security of Persons and Property are the costs of police protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the pool; the Community Environment department promotes the Government to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

**Governmental Activities**

If you look at the Statement of Activities on page 9, you will see that the first column lists the major services provided by the Government. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for transportation and security of persons and property, which account for 27 and 35 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 15 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The new Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**VILLAGE OF ADA  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED**

(Table 3)				
Governmental Activities				
	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of services	of Services	of Services
	2005	2005	2004	2004
General Government	\$251,961	\$251,961	\$226,667	\$226,667
Security of Persons & Property	\$600,873	\$600,873	\$581,926	\$581,926
Public Health Services	\$20,074	\$20,074	\$20,088	\$20,088
Leisure Time Activities	\$92,560	\$92,560	\$73,420	\$73,420
Community Environment	\$10,514	\$10,515	\$9,362	\$9,361
Other	\$5,765			
Transportation	\$465,142	\$164,696	\$446,746	\$149,927
Capital Outlay	\$134,564	\$134,564	\$68,790	\$68,790
Principal Retirement/Interest	\$117,630	\$117,630	\$1,021,729	\$1,021,729
Interest and Fiscal Charges				
<b>Total Expenses</b>	<b>\$1,699,083</b>	<b>\$1,392,873</b>	<b>\$3,325,673</b>	<b>\$2,075,915</b>

The dependence upon property and income tax receipts is apparent as over 29 percent of governmental activities are supported through these general receipts.

**Business-type Activities**

The water operation of the Village is relatively small and routinely reports receipts and cash disbursements that are relatively equal. The sewer operation of the Village is spending more than it is receiving and therefore a rate adjustment has been made in 2006.

**THE VILLAGE'S FUNDS**

Total sewer fund had receipts of \$370,986 and disbursements of \$449,173. The fund balance of the Sewer Fund decreased \$78,188. The sewer debt retirement fund had receipts of \$245,059 and disbursements of \$297,879. The fund balance of the Sewer Debt Retirement Fund decreased \$52,820. These rates have been adjusted in 2006.

**SEWER FUND BUDGETING HIGHLIGHTS**

The Village's budget is prepared according to Ohio law and based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the Sewer Fund.

During 2005 and 2004, the Government amended its budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant except within the sewer fund.

**VILLAGE OF ADA  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005 AND 2004  
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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure. The Village has acquired a software package to accomplish this task and is in the process of entering the necessary information. It is anticipated that this program will be fully functional for 2006 but reductions in staff may delay the implementation.

Debt

At December 31, 2005, the Government's outstanding debt included general obligation bonds issued for improvements to buildings and structures. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

**CURRENT ISSUES**

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking funds. We rely heavily on local taxes and have very little industry to support the tax base. To continue to promote our current level of services additional revenue must be obtained.

**CONTACTING THE VILLAGE'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Crystal Huffer, Fiscal Officer, Village of Ada, 115 West Buckeye Avenue, Ada, Ohio 45810.



VILLAGE OF ADA  
HARDIN COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2005

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$944,769</u>	<u>\$1,028,353</u>	<u>\$1,973,122</u>
Total Assets	<u><u>\$944,769</u></u>	<u><u>\$1,028,353</u></u>	<u><u>\$1,973,122</u></u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$26,245		\$26,245
Debt Service	86,905		86,905
Other Purposes	595,974		595,974
Unrestricted	<u>235,645</u>	<u>\$1,028,353</u>	<u>1,263,998</u>
Total Net Assets	<u><u>\$944,769</u></u>	<u><u>\$1,028,353</u></u>	<u><u>\$1,973,122</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR YEAR ENDED DECEMBER 31, 2005**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
Property and Other Local Taxes	\$251,961			(\$251,961)		(\$251,961)
Security of Persons and Property	600,873			(600,873)		(600,873)
Public Health	20,074			(20,074)		(20,074)
Leisure Time Activities	92,560			(92,560)		(92,560)
Community Environment	10,514			(10,514)		(10,514)
Transportation	465,142	\$70,785	\$182,332	(212,025)		(212,025)
Capital Outlay	134,565			(134,565)		(134,565)
Debt Service	117,630			(117,630)		(117,630)
Other Uses	5,765			(5,765)		(5,765)
<b>Total Governmental Activities</b>	<b>1,699,084</b>	<b>70,785</b>	<b>182,332</b>	<b>(1,445,967)</b>		<b>(1,445,967)</b>
<b>Business-Type Activities</b>						
Water	618,345	460,203			(158,142)	(158,142)
Sewer	445,714	344,565			(101,149)	(101,149)
Other	591,106	618,058			26,952	26,952
<b>Total Business-Type Activities</b>	<b>1,655,165</b>	<b>1,422,826</b>			<b>(232,339)</b>	<b>(232,339)</b>
<b>Total</b>	<b>\$3,354,249</b>	<b>\$1,493,611</b>	<b>\$182,332</b>	<b>(1,445,967)</b>	<b>(232,339)</b>	<b>(1,678,306)</b>
<b>General Receipts</b>						
Property Taxes Levied for:						
				938,937		938,937
				23,915		23,915
				403,160	47,649	450,809
				42,082		42,082
					198,240	198,240
				154,463	12,147	166,610
<b>Total General Receipts</b>				<b>1,562,557</b>	<b>258,036</b>	<b>1,820,593</b>
<b>Change in Net Assets</b>				<b>116,590</b>	<b>25,697</b>	<b>142,287</b>
<b>Net Assets Beginning of Year</b>				<b>828,179</b>	<b>1,002,656</b>	<b>1,830,835</b>
<b>Net Assets End of Year</b>				<b>\$944,769</b>	<b>\$1,028,353</b>	<b>\$1,973,122</b>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	<u>General</u>	<u>Street Fund</u>	<u>Permissive Motor Vehicle License Fund</u>	<u>Street Maintenance &amp; Repair Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$187,193	\$31,837	\$117,364	\$304,661	\$303,714	\$944,769
Total Assets	<u>\$187,193</u>	<u>\$31,837</u>	<u>\$117,364</u>	<u>\$304,661</u>	<u>\$303,714</u>	<u>\$944,769</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$22,366	\$3,684		\$1,650	\$103,508	\$131,208
Unreserved:						
Undesignated (Deficit) Reported in:						
General Fund	164,827					164827
Special Revenue Funds		28,153	\$117,364	303011	200206	648734
Total Fund Balances	<u>\$187,193</u>	<u>\$31,837</u>	<u>\$117,364</u>	<u>\$304,661</u>	<u>\$303,714</u>	<u>\$944,769</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General	Street Fund	Permissive Motor Vehicle License Fund	Street Maintenance & Repair Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$819,240				\$119,696	\$938,936
Special Assessment		\$23,915				23,915
Charges for Services		4,215		\$8,943	57,627	\$70,785
Fines, Licenses, and Permits	24,909				17,173	42,082
Intergovernmental	213,185	49,558	\$14,479	167,853	140,417	585,492
Miscellaneous	63,627	66,277		10,000	14,559	154,463
<b>Total Receipts</b>	<b>1,120,961</b>	<b>143,965</b>	<b>14,479</b>	<b>186,796</b>	<b>349,472</b>	<b>1,815,673</b>
<b>Disbursements</b>						
<b>Current:</b>						
General Government	239,318				12,643	251,961
Security of Persons and Property	598,214	2,659				600,873
Public Health Services	20,074					20,074
Leisure Time Activities					92,560	92,560
Community Environment	3,120				7,394	10,514
Transportation		399,354		55,395	10,393	465,142
Capital Outlay	14,810				119,754	134,564
Debt Service	30,338	13,002			74,290	117,630
<b>Total Disbursements</b>	<b>905,874</b>	<b>415,015</b>		<b>55,395</b>	<b>317,034</b>	<b>1,693,318</b>
Excess of Receipts Over (Under) Disbursements	215,087	(271,050)	14,479	131,401	32,438	122,355
<b>Other Financing Sources (Uses)</b>						
Notes Issued						
Other Sources (Uses)		400			(6,165)	(5,765)
Transfers-In		232,316				232,316
Transfers-Out	(180,913)				(51,403)	(232,316)
<b>Total Other Financing Sources (Uses)</b>	<b>(180,913)</b>	<b>232,716</b>			<b>(57,568)</b>	<b>(5,765)</b>
<b>Net Change in Fund Balances</b>	<b>34,174</b>	<b>(38,334)</b>	<b>14,479</b>	<b>131,401</b>	<b>(25,130)</b>	<b>116,590</b>
Fund Balances Beginning of Year	153,019	70,171	102,885	173,261	328,843	828,179
<b>Fund Balances End of Year</b>	<b>\$187,193</b>	<b>\$31,837</b>	<b>\$117,364</b>	<b>\$304,662</b>	<b>\$303,713</b>	<b>\$944,769</b>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$838,903	\$838,903	\$819,240	(\$19,663)
Fines, Licenses, and Permits	21,600	26,334	24,909	(1,425)
Intergovernmental		73,578	213,185	139,607
Miscellaneous	<u>44,550</u>	<u>64,867</u>	<u>63,627</u>	<u>(1,240)</u>
Total Receipts	<u>905,053</u>	<u>1,003,682</u>	<u>1,120,961</u>	<u>117,279</u>
<b>Disbursements</b>				
Current:				
General Government	242,208	242,208	261,684	(19,476)
Security of Persons and Property	634,741	655,927	598,214	57,713
Public Health	20,074	20,074	20,074	
Community Environment	2,283	3,120	3,120	
Capital Outlay	19,000	19,000	14,810	4,190
Debt Service	<u>30,338</u>	<u>30,338</u>	<u>30,338</u>	
Total Disbursements	<u>948,644</u>	<u>970,667</u>	<u>928,240</u>	<u>42,427</u>
Excess of Receipts Over (Under) Disbursements	<u>(43,591)</u>	<u>33,015</u>	<u>192,721</u>	<u>159,706</u>
Other Financial Sources (Uses)				
Transfers-Out	<u>(100,000)</u>	<u>(180,913)</u>	<u>(180,913)</u>	
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(180,913)</u>	<u>(180,913)</u>	
Net Changes in Fund Balances	(143,591)	(147,898)	11,808	159,706
Fund Balances Beginning of Year	153,019	153,019	153,019	
Prior Year Encumbrances Appropriated	<u>12,406</u>	<u>12,406</u>	<u>12,406</u>	
Fund Balances End of Year	<u><u>\$21,834</u></u>	<u><u>\$17,527</u></u>	<u><u>177,233</u></u>	<u><u>\$159,706</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
STREET FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Receipts</b>				
Special Assessments	\$77,350	\$28,293	\$23,915	(\$4,378)
Intergovernmental		49,558	49,558	
Charges for Services	6,850	10,875	4,215	(6,660)
Miscellaneous	4,040	66,646	66,277	(369)
	<u>88,240</u>	<u>155,372</u>	<u>143,965</u>	<u>(11,407)</u>
<b>Total Receipts</b>				
	<u>88,240</u>	<u>155,372</u>	<u>143,965</u>	<u>(11,407)</u>
<b>Disbursements</b>				
Current:				
Security	3,000	3,000	2,659	341
Transportation	261,995	435,363	403,038	32,325
Debt Service	13,002	13,002	13,002	
	<u>277,997</u>	<u>451,365</u>	<u>418,699</u>	<u>32,666</u>
<b>Total Disbursements</b>				
	<u>277,997</u>	<u>451,365</u>	<u>418,699</u>	<u>32,666</u>
Excess of Receipts Over (Under) Disbursements	<u>(189,757)</u>	<u>(295,993)</u>	<u>(274,734)</u>	<u>21,259</u>
Other Financing Sources (Uses)				
Other Sources (Uses)		89,760	400	(89,360)
Transfers-In	200,000	142,956	232,316	89,360
	<u>200,000</u>	<u>232,716</u>	<u>232,716</u>	
<b>Total Other Financing Sources (Uses)</b>				
	<u>200,000</u>	<u>232,716</u>	<u>232,716</u>	
Net Change in Fund Balances	10,243	(63,277)	(42,018)	21,259
Fund Balances Beginning of Year	70,171	70,171	70,171	
Prior Year Encumbrances Appropriated	69,704	69,704	69,704	
	<u>69,704</u>	<u>69,704</u>	<u>69,704</u>	
Fund Balances End of Year	<u>\$150,118</u>	<u>\$76,598</u>	<u>\$97,857</u>	<u>\$21,259</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
PERMISSIVE MOTOR VEHICLE LICENSE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Receipts</b>				
Intergovernmental	<u>\$15,400</u>	<u>\$15,400</u>	<u>\$14,479</u>	<u>(\$921)</u>
Total Receipts	15,400	15,400	14,479	(921)
<b>Disbursements</b>				
Excess of Receipts Over (Under) Disbursements	<u>15,400</u>	<u>15,400</u>	<u>14,479</u>	<u>(921)</u>
Net Change in Fund Balances	15,400	15,400	14,479	(921)
Fund Balances Beginning of Year	102,885	102,885	102,885	
Prior Year Encumbrances Appropriated				
Fund Balances End of Year	<u><u>\$118,285</u></u>	<u><u>\$118,285</u></u>	<u><u>\$117,364</u></u>	<u><u>(\$921)</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
STREET MAINTENANCE AND REPAIR FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Charges for Services	\$2,400	\$8,943	\$8,943	
Intergovernmental	93,500	167,853	167,853	
Miscellaneous	10,000	10,000	10,000	
Total Receipts	<u>105,900</u>	<u>186,796</u>	<u>186,796</u>	
<b>Disbursements</b>				
Current:				
Transportation	<u>72,250</u>	<u>124,155</u>	<u>57,046</u>	<u>67,109</u>
Total Disbursements	<u>72,250</u>	<u>124,155</u>	<u>57,046</u>	<u>67,109</u>
Excess of Receipts Over (Under) Disbursements	<u>33,650</u>	<u>62,641</u>	<u>129,750</u>	<u>67,109</u>
Net Change in Fund Balances	33,650	62,641	129,750	67,109
Fund Balances Beginning of Year	173,261	173,261	173,261	
Prior Year Encumbrances Appropriated	<u>1,650</u>	<u>1,650</u>	<u>1,650</u>	
Fund Balances End of Year	<u><u>\$208,561</u></u>	<u><u>\$237,552</u></u>	<u><u>\$304,661</u></u>	<u><u>\$67,109</u></u>

See accompanying notes to the basic financial statements.



**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF FUND NET ASSETS - CASH BASIS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Business-Type Activities			
	Water Operating Fund	Sewer Operating Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$192,724</u>	<u>\$108,807</u>	<u>\$726,822</u>	<u>\$1,028,353</u>
Total Assets	<u><u>\$192,724</u></u>	<u><u>\$108,807</u></u>	<u><u>\$726,822</u></u>	<u><u>\$1,028,353</u></u>
<b>Net Assets</b>				
Unrestricted	<u><u>\$192,724</u></u>	<u><u>\$108,807</u></u>	<u><u>\$726,822</u></u>	<u><u>\$1,028,353</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS,  
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Business-Type Activities			
	Water Operating Fund	Sewer Operating Fund	Other Enterprise Funds	Total Enterprise Funds
<b>Operating Receipts</b>				
Charges for Services	<u>\$460,203</u>	<u>\$344,565</u>	<u>\$618,058</u>	<u>\$1,422,826</u>
Total Operating Receipts	<u>460,203</u>	<u>344,565</u>	<u>618,058</u>	<u>1,422,826</u>
<b>Operating Disbursements</b>				
Basic Utility Services	493,175	445,714		938,889
Other Utility Services			<u>192,800</u>	<u>192,800</u>
Total Operating Disbursements	<u>493,175</u>	<u>445,714</u>	<u>192,800</u>	<u>1,131,689</u>
Operating Income (Loss)	(32,972)	(101,149)	425,258	291,137
Non-operating Receipts (Disbursements)				
Intergovernmental	24,633	23,016		47,649
Miscellaneous Receipts	8,742	3,405		12,147
Capital Outlay	(103,500)		(29,160)	(132,660)
Debt Service	(21,670)		(369,146)	(390,816)
Other Sources (Uses)	<u>198,240</u>			<u>198,240</u>
Total Non-operating Receipts (Disbursements)	<u>106,445</u>	<u>26,421</u>	<u>(398,306)</u>	<u>(265,440)</u>
Change in Net Assets	73,473	(74,728)	26,952	25,697
Net Assets Beginning of Year	<u>119,251</u>	<u>183,535</u>	<u>699,870</u>	<u>1,002,656</u>
Net Assets End of Year	<u><u>\$192,724</u></u>	<u><u>\$108,807</u></u>	<u><u>\$726,822</u></u>	<u><u>\$1,028,353</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF ADA  
HARDIN COUNTY

STATEMENT FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUND  
DECEMBER 31, 2005

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	<u>Permanent Fund</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$89,964</u>
Total Assets	<u><u>\$89,964</u></u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$89,964</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2004**

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	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$828,179	\$1,002,656	\$1,830,835
Total Assets	\$828,179	\$1,002,656	\$1,830,835
<b>Net Assets</b>			
Restricted For:			
Capital Projects	\$60,994		\$60,994
Debt Service	164,974		164,974
Other Purposes	344,032		344,032
Unrestricted	258,179	\$1,002,656	1,260,835
Total Net Assets	\$828,179	\$1,002,656	\$1,830,835

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT ACTIVITIES - CASH BASIS  
FOR THE ENDED DECEMBER 31, 2004**

	<u>Program Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>		
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities</b>						
General Government	\$226,667			(\$226,667)		(\$226,667)
Security of Persons and Property	581,926			(581,926)		(581,926)
Public Health	20,088			(20,088)		(20,088)
Leisure Time Activities	73,420			(73,420)		(73,420)
Community Environment	9,362			(9,362)		(9,362)
Transportation	446,746	\$55,985	\$116,349	(274,412)		(274,412)
Capital Outlay	1,898,674			(1,898,674)		(1,898,674)
Debt Service	68,790			(68,790)		(68,790)
<b>Total Governmental Activities</b>	<u>3,325,673</u>	<u>55,985</u>	<u>116,349</u>	<u>(3,153,339)</u>		<u>(3,153,339)</u>
<b>Business-Type Activities</b>						
Water	585,354	445,356			(139,998)	(139,998)
Sewer	432,466	347,225			(85,241)	(85,241)
Other	533,198	556,738			23,540	23,540
<b>Total Business-Type Activities</b>	<u>1,551,018</u>	<u>1,349,319</u>			<u>(201,699)</u>	<u>(201,699)</u>
<b>Total</b>	<u><u>\$4,876,691</u></u>	<u><u>\$1,405,304</u></u>	<u><u>\$116,349</u></u>	<u><u>(3,153,339)</u></u>	<u><u>(201,699)</u></u>	<u><u>(3,355,038)</u></u>
<b>General Receipts</b>						
Property Taxes Levied For:						
				942,272		942,272
				204,323		204,323
				571,601		571,601
				975,000		975,000
				41,413		41,413
				645,710		645,710
				95,524	19,745	115,269
				<u>3,475,843</u>	<u>19,745</u>	<u>3,495,588</u>
				322,504	(181,954)	140,550
				<u>505,675</u>	<u>1,184,610</u>	<u>1,690,285</u>
				<u><u>\$828,179</u></u>	<u><u>\$1,002,656</u></u>	<u><u>\$1,830,835</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>	<u>Street Fund</u>	<u>Permissive Motor Vehicle License Fund</u>	<u>Street Maintenance &amp; Repair Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	<u>\$153,019</u>	<u>\$70,171</u>	<u>\$102,885</u>	<u>\$173,261</u>	<u>\$328,843</u>	<u>\$828,179</u>
Total Assets	<u><u>\$153,019</u></u>	<u><u>\$70,171</u></u>	<u><u>\$102,885</u></u>	<u><u>\$173,261</u></u>	<u><u>\$328,843</u></u>	<u><u>\$828,179</u></u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	12,406	69,764		1,650	110,887	194,707
Unreserved:						
Undesignated (Deficit) Reported In:						
General Fund	140,613					140,613
Special Revenue Funds		<u>407</u>	<u>102,885</u>	<u>171,611</u>	<u>217,956</u>	<u>492,859</u>
Total Fund Balances	<u><u>\$153,019</u></u>	<u><u>\$70,171</u></u>	<u><u>\$102,885</u></u>	<u><u>\$173,261</u></u>	<u><u>\$328,843</u></u>	<u><u>\$828,179</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	General	Street Fund	Permissive Motor Vehicle License Fund	Street Maintenance & Repair Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$801,431				\$140,841	\$942,272
Special Assessments		\$87,348			116,975	204,323
Charges for Services		6,418		\$6,666	42,901	\$55,985
Fines, Licenses, and Permits	20,653				20,760	41,413
Intergovernmental	195,547		\$15,457	100,892	376,054	687,950
Miscellaneous	61,790	13,032		10,000	10,702	95,524
	<u>1,079,421</u>	<u>106,798</u>	<u>15,457</u>	<u>117,558</u>	<u>708,233</u>	<u>2,027,467</u>
<b>Disbursements</b>						
Current:						
General Government	222,463				4,204	226,667
Security of Persons and Property	579,334	2,592				581,926
Public Health Services	20,088					20,088
Leisure Time Activities					73,420	73,420
Community Environment	2,233				7,129	9,362
Transportation		363,979		80,597	2,170	446,746
Capital Outlay	4,000		2,956		189,178	1,898,674
Debt Service	14,560	5,200			49,030	68,790
	<u>842,678</u>	<u>371,771</u>	<u>2,956</u>	<u>80,597</u>	<u>2,027,671</u>	<u>3,325,673</u>
Excess of Receipts over (Under) Disbursements	<u>236,743</u>	<u>(264,973)</u>	<u>12,501</u>	<u>36,961</u>	<u>(1,319,438)</u>	<u>(1,298,206)</u>
Other Financing Sources						
Loan Proceeds					975,000	975,000
Transfers-in					303,910	303,910
Transfers-out	(303,910)					(303,910)
Other Sources (Uses)		313,099			332,611	645,710
	<u>(303,910)</u>	<u>313,099</u>			<u>1,611,521</u>	<u>1,620,710</u>
Net Change in Fund Balances	(67,167)	48,126	12,501	36,961	292,083	322,504
Fund Balances Beginning of Year	220,186	22,045	90,384	136,300	36,760	505,675
Fund Balances End of Year	<u>\$153,019</u>	<u>\$70,171</u>	<u>\$102,885</u>	<u>\$173,261</u>	<u>\$328,843</u>	<u>\$828,179</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$841,169	\$791,169	\$801,431	\$10,262
Fines, Licenses, and Permits	21,900	20,600	20,653	53
Intergovernmental	122,445	194,623	195,547	924
Miscellaneous	92,000	61,045	61,790	745
Total Receipts	1,077,514	1,067,437	1,079,421	11,984
<b>Disbursements</b>				
Current:				
General Government	252,107	249,230	234,869	14,361
Security of Persons and Property	682,748	627,004	579,334	47,670
Public Health	20,088	20,088	20,088	
Community Environment	2,283	2,283	2,233	50
Capital Outlay	8,000	4,000	4,000	
Debt Service	14,560	14,560	14,560	
Total Disbursements	979,786	917,165	855,084	62,081
Excess of Receipts Over (Under) Disbursements	97,728	150,272	224,337	74,065
<b>Other Financing Sources (Uses)</b>				
Transfers-out	(168,444)	(303,910)	(303,910)	
Total Other Financing Sources (Uses)	(168,444)	(303,910)	(303,910)	
Net Change in Fund Balances	(70,716)	(153,638)	(79,573)	74,065
Fund Balances Beginning of Year	220,186	220,186	220,186	
Prior Year Encumbrances Appropriated	56,362	56,362	56,362	
Fund Balances End of Year	\$205,832	\$122,910	\$196,975	\$74,065

See accompanying notes to the basic financial statements.



**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
STREET FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Special Assessments	\$16,250	\$87,500	\$87,348	(\$152)
Security of Persons and Property	11,050	6,875	6,418	(457)
Miscellaneous	750	12,450	13,032	582
	<b>28,050</b>	<b>106,825</b>	<b>106,798</b>	<b>(27)</b>
<b>Disbursements</b>				
Current:				
Security	3,000	3,000	2,592	408
Transportation	357,160	461,586	433,743	27,843
Debt Service	5,200	5,200	5,200	
	<b>365,360</b>	<b>469,786</b>	<b>441,535</b>	<b>28,251</b>
Excess of Receipts Over (Under) Disbursements	<b>(337,310)</b>	<b>(362,961)</b>	<b>(334,737)</b>	<b>(28,224)</b>
<b>Other Financing Sources (Uses)</b>				
Other Sources (Uses)	<b>382,863</b>	<b>382,863</b>	<b>313,099</b>	<b>(69,764)</b>
Total Other Financing (Uses)	<b>382,863</b>	<b>382,863</b>	<b>313,099</b>	<b>(69,764)</b>
Net Change in Fund Balances	45,553	19,902	(21,638)	(41,540)
Fund Balances Beginning of Year	22,045	22,045	22,045	
Prior Year Encumbrances Appropriated	<b>72,350</b>	<b>72,350</b>	<b>72,350</b>	
Fund Balances End of Year	<b>\$139,948</b>	<b>\$114,297</b>	<b>\$72,757</b>	<b>(\$41,540)</b>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
PERMISSIVE MOTOR VEHICLE LICENSE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	<u>\$15,300</u>	<u>\$15,300</u>	<u>\$15,457</u>	<u>\$157</u>
Total Receipts	<u>15,300</u>	<u>15,300</u>	<u>15,457</u>	<u>157</u>
<b>Disbursements</b>				
Current:				
Capital Outlay	<u>4,784</u>	<u>4,784</u>	<u>2,956</u>	<u>1,828</u>
Total Disbursements	<u>4,784</u>	<u>4,784</u>	<u>2,956</u>	<u>1,828</u>
Excess Receipts Over (Under) Disbursements	10,516	10,516	12,501	1,985
Fund Balances Beginning of Year	90,384	90,384	90,384	
Prior Year Encumbrances Appropriated	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balances End of Year	<u><u>\$100,900</u></u>	<u><u>\$100,900</u></u>	<u><u>\$102,885</u></u>	<u><u>\$1,985</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
STREET MAINTENANCE AND REPAIR FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Charges for Services	\$2,400	\$6,500	\$6,666	\$166
Intergovernmental	82,500	90,500	100,892	10,392
Miscellaneous	10,000	10,000	10,000	
<b>Total Receipts</b>	<u>94,900</u>	<u>107,000</u>	<u>117,558</u>	<u>10,558</u>
<b>Disbursements</b>				
Current:				
Transportation	85,900	156,546	82,247	74,299
<b>Total Disbursements</b>	<u>85,900</u>	<u>156,546</u>	<u>82,247</u>	<u>74,299</u>
Excess Receipts Over (Under) Disbursements	9,000	(49,546)	35,311	14,235
Fund Balances Beginning of Year	136,300	136,300	136,300	
Prior Year Encumbrances Appropriated	1,650	1,650	1,650	
<b>Fund Balances End of Year</b>	<u><u>\$146,950</u></u>	<u><u>\$88,404</u></u>	<u><u>\$173,261</u></u>	<u><u>\$84,857</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF FUND NET ASSETS - CASH BASIS  
PROPRIETARY FUNDS  
FOR YEAR ENDED DECEMBER 31, 2004**

	Business-Type Activities			Total Enterprise Fund
	Water Operating Fund	Sewer Operating Fund	Other Enterprise Funds	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$119,251</u>	<u>\$182,535</u>	<u>\$699,870</u>	<u>\$1,002,656</u>
Total Assets	<u><u>\$119,251</u></u>	<u><u>\$183,535</u></u>	<u><u>\$699,870</u></u>	<u><u>\$1,002,656</u></u>
<b>Net Assets</b>				
Unrestricted	<u><u>\$119,251</u></u>	<u><u>\$183,535</u></u>	<u><u>\$699,870</u></u>	<u><u>\$1,002,656</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND NET ASSETS - CASH BASIS  
FOR YEAR ENDED DECEMBER 31, 2004**

	Business-Type Activities			Total Enterprise Fund
	Water Operating Fund	Sewer Operating Fund	Other Enterprise Funds	
<b>Operating Receipts</b>				
Charges for Services	<u>\$445,356</u>	<u>\$347,225</u>	<u>\$556,738</u>	<u>\$1,349,319</u>
Total Operating Receipts	<u>445,356</u>	<u>347,225</u>	<u>556,738</u>	<u>1,349,319</u>
<b>Operating Disbursements</b>				
Basic Utility Services	562,850	432,210		995,060
Other Utility Services	<u>12,000</u>		<u>175,981</u>	<u>187,981</u>
Total Operating Disbursements	<u>574,850</u>	<u>432,210</u>	<u>175,981</u>	<u>1,183,041</u>
Operating Income (Loss)	(129,494)	(84,985)	380,757	166,278
<b>Non-Operating Receipts (Disbursements)</b>				
Miscellaneous Receipts (Disbursements)	17,221	(256)	2,524	19,489
Debt Service	<u>(10,504)</u>		<u>(357,217)</u>	<u>(367,721)</u>
Total Non-Operating Receipts (Disbursements)	<u>6,717</u>	<u>(256)</u>	<u>(354,693)</u>	<u>(348,232)</u>
Change in Net Assets	(122,777)	(85,241)	26,064	(181,954)
Net Assets Beginning of Year	<u>242,028</u>	<u>268,776</u>	<u>673,806</u>	<u>1,184,610</u>
Net Assets End of Year	<u><u>\$119,251</u></u>	<u><u>\$183,535</u></u>	<u><u>\$699,870</u></u>	<u><u>\$1,002,656</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF ADA  
HARDIN COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
FOR YEAR ENDED DECEMBER 31, 2004

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	<u>Permanent Fund</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$89,997
	<hr/>
Total Assets	<u><u>\$89,997</u></u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$89,997</u></u>

**VILLAGE OF ADA  
HARDIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

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**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. The Village is directed by a six-member Council elected at large for four-year terms. The Mayor is elected to a four-year term, serves as President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services.

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village.

The Village of Ada has no component units.

**C. Joint Ventures**

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB)

**VILLAGE OF ADA  
HARDIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

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opinions issued on or before November 30, 1989, have been applied to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from the exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.



**VILLAGE OF ADA  
HARDIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

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**B. Fund Accounting**

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

**Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Fund, Permissive Motor Vehicle License Fund, and Street Maintenance and Repair Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

**Proprietary Funds**

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

**Enterprise Funds** - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water and sewer funds.

**Water Operating Fund** - The Water Operating Fund accounts for the provision of water to the residents and commercial users located within the Village.

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

**Fiduciary Funds**

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to 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 has no 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 has no agency funds or private purpose funds.

**C. Basis of Accounting**

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

**VILLAGE OF ADA  
HARDIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

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As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions.

**VILLAGE OF ADA  
HARDIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

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F. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for operations of the fire department and maintenance of roads.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. Net assets restricted for other purposes include resources restricted for Street Fund, Permissive Motor Vehicle License Fund, and Street Maintenance and Repair Fund.

L. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**VILLAGE OF ADA  
HARDIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

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M. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**NOTE 3 - CHANGE IN BASIS OF ACCOUNTING AND ACCOUNTING PRINCIPLES**

For 2003, the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2004 and 2005, the Village has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

The Village has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures". GASB Statement No. 40 modifies the disclosures for deposits and investments, and had no material effect on the financial statements.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis presented for the General Fund, Street Fund, Permissive Motor Vehicle License Fund, and Street Maintenance and Repair Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances. In 2005, the encumbrances outstanding at year end amounted to \$22,366, \$3,684 and \$1,650 for the General, Street, and Street Maintenance and Repair funds, respectively. In 2004, the encumbrances outstanding at year end amounted to \$12,406, \$69,764, and \$1,650 for the General, Street, and Street Maintenance and Repair funds, respectively.

**NOTE 5 - DEPOSITS**

Monies held by the Village are classified by the State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**VILLAGE OF ADA  
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Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

#### Deposits

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. At year end, the bank balances were \$385,176 and \$396,836 for 2005 and 2004, respectively. Of the bank balances, \$100,000 was covered by federal depository insurance.

**VILLAGE OF ADA  
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**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003 were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the years ended December 31, 2005 and 2004, was 6.1 mills. The assessed values of real property, public utility property, and tangible personal property upon which property tax receipts were based are as follows:

	<u>2005</u>	<u>2004</u>
Real Property Residential/Agriculture	\$ 28,809,960	\$ 28,412,460
Public Utility Property	\$ 7,751,390	\$ 7,777,040
Tangible Personal Property	<u>\$ 5,093,360</u>	<u>\$ 5,213,356</u>
Total Assessed Value	<u>\$ 41,654,710</u>	<u>\$ 41,402,850</u>

**NOTE 7 - RISK MANAGEMENT**

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty Coverage**

PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a

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percentage of its contributions to APEEP. APEEP reinsures claims \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Governments can electing additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides, *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004.

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	(15,994,168)	(13,880,038)
Retained Earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	(1,068,245)	(540,073)
Retained Earnings	<u>\$3,375,087</u>	<u>\$3,108,199</u>

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At December 31, 2005 and 2004, respectively, casualty coverage liabilities noted above include approximately \$14.3 million and \$12 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Government's share of these unpaid claims collectible in future years is approximately \$129,864. This payable includes the subsequent year's contribution due if the Government terminates participation, as described in the last paragraph below.

Based on discussions with PEP the expected PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>Contributions to PEP</u></b>	
2003	\$57,229
2004	\$61,652
2005	\$64,932

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

The Village also provides health insurance and dental and vision coverage to full-time employees through a commercial carrier.

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five year at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.



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OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Village's contribution rate for pensions benefits for 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The full amount has been contributed for 2005 and 2004.

**B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43125-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension benefits while the Village is required to contribute 11.75 percent for police officers. Contributions are authorized by State statute. The full amount has been contributed for 2005 and 2004.

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

the Ohio Public Employees Retirement System (OPERS) provides postretirement healthcare coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement healthcare coverage. The healthcare coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for funding of postretirement healthcare based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund healthcare.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Healthcare premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

**VILLAGE OF ADA  
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The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$17,702. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with the effective date of January 1, 2007. The HCPP restructures OPERS' healthcare coverage to improve the financial solvency of the fund in response to increasing healthcare costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the healthcare plan.

**B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement healthcare coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The healthcare coverage provided by the retirement system is considered an Other Postretirement Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide healthcare coverage and states that healthcare costs paid from the funds of OP&F shall be included in the employer's contribution rate. Healthcare funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment healthcare program during 2005 and 2004. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their healthcare coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly healthcare contributions.

The OP&F's total healthcare expense for the year ended December 31, 2004 (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive healthcare benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

**NOTE 10 - NOTES PAYABLE AND BONDED INDEBTEDNESS**

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority (1989)	\$ 704,789	2.20%
Ohio Water Development Authority (1996)	593,354	7.80%
Ohio Water Development Authority (2000)	1,527,306	2.20%
Ohio Waterworks Improvement Bonds	340,000	6.00%
Swimming Pool Improvement Bonds	38,000	3.55%
General Obligation Note	300,000	3.93%
Streetscape Bonds	<u>940,000</u>	4.50%
	<u>\$ 4,443,449</u>	

The Ohio Water Development Authority (OWDA) loans relate to sewer system expansion projects that were mandated by the Ohio Environmental Protection Agency. The 1989, 1996, and 2000 loans will be repaid in

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semiannual installments of \$60,153, \$34,850, and \$56,880 including interest, respectively, over 20 years. The loans are collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the (OWDA) debt service requirements.

General Obligation Bonds were issued in 1993 for water system improvements and a refunding of previous bonded debt. The bonds are being paid annually over 20 years.

General Obligation Bonds were issued in 1996 for swimming pool improvements. The note will be retired in semiannual installments of \$55,000 over 10 years.

A General Obligation Note was issued in 2003 for streetscape improvements. The principal will be retired in varying annual amounts (\$35,000-\$60,000) over 20 years.

The following is a summary of the Village's future debt service requirements:

OWDA Loans			
	Principal	Interest	Total
2006	\$208,582	\$95,184	\$303,766
2007	217,370	86,396	303,766
2008	226,680	77,086	303,766
2009	236,552	67,214	303,766
2010	247,024	56,742	303,766
2011-2015	823,308	87,990	911,298
2016-2020	865,933	36,744	902,677
	<u>\$2,825,449</u>	<u>\$507,356</u>	<u>\$3,332,805</u>

Ohio Waterworks Improvement Bonds			
	Principal	Interest	Total
2006	\$40,000	\$20,400	\$60,400
2007	45,000	18,000	63,000
2008	45,000	15,300	60,300
2009	50,000	12,600	62,600
2010	50,000	9,600	59,600
2011-2012	110,000	7,400	117,400
	<u>\$340,000</u>	<u>\$83,300</u>	<u>\$423,300</u>

Swimming Pool Improvement Bonds			
	Principal	Interest	Total
2006	<u>\$38,000</u>	<u>\$19,448</u>	<u>\$57,448</u>

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HARDIN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
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General Obligation Note

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$81,393	\$14,023	\$95,416
2007	89,100	6,316	95,416
2008	93,507	1,909	95,416
2009	36,000	1,076	37,076
	<u>\$300,000</u>	<u>\$23,324</u>	<u>\$323,324</u>

Streetscape Bonds

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$45,000	\$42,150	\$87,150
2007	45,000	43,125	88,125
2008	50,000	38,100	88,100
2009	50,000	35,850	85,850
2010	55,000	33,600	88,600
2011-2015	275,000	129,525	404,525
2016-2020	210,000	77,228	287,228
2021-2024	210,000	54,293	264,293
	<u>\$940,000</u>	<u>\$453,871</u>	<u>\$1,393,871</u>

The Ohio Revised Code (ORC) provides that the net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall not exceed 5.5 percent of the tax valuation of the Village. The ORC further provides that the total voted and unvoted net debt of the Village less the same exempt debt shall not exceed an amount equal to 10.5 percent of its tax valuation.

The following is a summary of the Village's debt activity for 2004 and 2005:

	Balance December 31, 2003	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 2004	Due Within One Year
OWDA (1989)	\$810,262		\$52,160	\$758,102	\$53,313
OWDA (1996)	724,607		63,135	661,472	68,117
OWDA (2000)	1,683,311		77,149	1,606,162	78,855
Waterworks Bonds	415,000		35,000	380,000	40,000
Pool Bonds	160,000		60,000	100,000	62,000
G.O. Note	332,825		332,825		
Streetscape Bonds		\$975,000		975,000	35,000
G.O. Note	300,000			300,000	
	<u>\$4,426,005</u>	<u>\$975,000</u>	<u>\$620,269</u>	<u>\$4,780,736</u>	<u>\$337,285</u>

**VILLAGE OF ADA  
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	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005	Due Within One Year
OWDA (1989)	\$758,102		\$53,313	\$704,789	\$54,492
OWDA (1996)	661,472		68,118	593,354	73,491
OWDA (2000)	1,606,162		78,856	1,527,306	80,599
Waterworks Bonds	380,000		40,000	340,000	40,000
Pool Bonds	100,000		62,000	38,000	38,000
Streetscape Bonds	975,000		35,000	940,000	45,000
G.O. Note	300,000			300,000	20800
	<u>\$4,780,736</u>		<u>\$337,287</u>	<u>\$4,443,449</u>	<u>\$352,382</u>

**NOTE 11 - INTERFUND TRANSFERS**

From:	To:	2005 Amount	2004 Amount
General Fund	Street Fund	\$180,913	
Other Governmental Fund	Street Fund	\$51,243	
General Fund	Other Governmental Fund		\$303,910

**NOTE 12 - CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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# KNOX & KNOX

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Accountants and Consultants

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

Village of Ada  
Hardin County  
115 West Buckeye Street  
Ada, Ohio 45810

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Ada, Hardin County, Ohio (the Village), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 16, 2006 wherein we noted the Village revised its financial presentation comparable to the requirements of Government Accounting Standards Board Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the basic financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated June 16, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's basic 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 affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

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

We intend this report solely for the information and use of the audit committee, management, and the Village Council.  
It is not intended for anyone other than these specified parties.

*KNOX & KNOX*

Orrville, Ohio  
June 16, 2006



VILLAGE OF ADA  
HARDIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR YEARS ENDED 2005 AND 2004

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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: <b><i>Explain</i></b>
2003 -30233-001	Ohio Revised Code, Section 5705.39 requires appropriations not to exceed estimated resources	Yes	Finding no longer valid





Mary Taylor, CPA  
Auditor of State

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  
MARCH 6, 2007