

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

FINANCIAL STATEMENTS
(AUDITED)

FOR THE YEAR ENDED
DECEMBER 31, 2013

CRYSTAL HUFFER, FISCAL OFFICER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Ada, Hardin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2013 through December 31, 2013. 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.

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

Dave Yost
Auditor of State

September 16, 2014

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**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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VILLAGE OF ADA
HARDIN COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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Julian & Grube, Inc.
Serving Ohio Local Governments

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

Independent Auditor's Report

Village of Ada
Hardin County
115 W. Buckeye Street
P.O. Box 292
Ada, Ohio 45810

To the Members of Council and Mayor:

Report on the Financial Statements

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, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village of Ada's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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, 2013, and the respective changes in cash financial position and where applicable, cash flows, thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Village of Ada's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net cash position, change in net cash position, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

The Budgetary Schedules show a comparison of original budget, final budget, and actual amounts for the General, Street Maintenance and Repair and Swimming Pool Funds.

The Schedule of Federal Awards Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements.

These tables and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables and schedules, we applied no procedures to any other information in Management's Discussion & Analysis, the Budgetary Schedules, and the Schedule of Federal Awards Expenditures, and we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2014, on our consideration of the Village of Ada's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Ada's internal control over financial reporting and compliance.



**VILLAGE OF ADA
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

This management's discussion and analysis of the Village of Ada financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2013, 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.

Financial Highlights

Key financial highlights for 2013 are as follows:

- In total, net position increased \$1,528,453 or up 40.7 percent. This increase was primary the result of the increase in net position for each of the business type activity funds. Governmental activities had an overall increase in net position. The net position of the Street Maintenance and Repair Fund increased its carryover balance by \$117,105 as a result of decreased spending on transportation costs.
- The Village's governmental receipts are primarily property and income taxes and grants. These receipts represent 24.1 percent of the total governmental activities cash received during the year. Income tax receipts for 2013 were up 12.7 percent, predominantly due to the new Safety Income Tax Levy.
- The water operation, one of the Village's business-type activities, increased its carryover by 2.4 percent for the year. Receipts exceeded expenditures by \$23,234.
- The sewer operation, one of the Village's business-type activities, increased its carryover by 59.6 percent for the year. Receipts exceeded expenditures by \$512,646.

Using the Basic Financial Statements

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

**VILLAGE OF ADA
HARDIN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

Reporting the Government as a Whole

The statement of net position and the statement of activities reflect how the Village did financially during 2013, within the limitations of cash basis accounting. The statement of net position 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 position 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.

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

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: governmental, 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 Fund, Street Maintenance & Repair Fund, Permissive Motor Vehicle Tax Fund, the Swimming Pool Fund, the Safety Tax Fund and the Capital Projects Fund. The programs reported in 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.

**VILLAGE OF ADA
HARDIN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

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's major enterprise funds are the Water Fund and the Sewer 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 on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

Table 1 provides a summary of the Village's net position for 2013 and 2012 on a cash basis:

(Table 1)
Net Cash Position

	Governmental Activities <u>2013</u>	Business-type Activities <u>2013</u>	Governmental Activities <u>2012</u>	Business-type Activities <u>2012</u>	2013 <u>Total</u>	2012 <u>Total</u>
<u>Assets</u>						
Cash and cash equivalents	\$ 2,593,689	\$ 2,693,955	\$ 1,681,426	\$ 2,077,765	\$ 5,287,644	\$ 3,759,191
Total assets	<u>2,593,689</u>	<u>2,693,955</u>	<u>1,681,426</u>	<u>2,077,765</u>	<u>5,287,644</u>	<u>3,759,191</u>
<u>Net cash position</u>						
Restricted	1,488,700	-	1,213,451	-	1,488,700	1,213,451
Unrestricted	<u>1,104,989</u>	<u>2,693,955</u>	<u>467,975</u>	<u>2,077,765</u>	<u>3,798,944</u>	<u>2,545,740</u>
Total net cash position	<u>\$ 2,593,689</u>	<u>\$ 2,693,955</u>	<u>\$ 1,681,426</u>	<u>\$ 2,077,765</u>	<u>\$ 5,287,644</u>	<u>\$ 3,759,191</u>

As mentioned previously, net position increased \$1,528,453 or 40.7 percent during 2013.

**VILLAGE OF ADA
HARDIN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

Table 2 reflects the changes in net position in 2013 and 2012:

(Table 2)
Change in Net Cash Position

	Governmental Activities 2013	Business-type Activities 2013	Governmental Activities 2012	Business-type Activities 2012	2013 Total	2012 Total
Cash receipts:						
Program receipts:						
Charges for services and sales	\$ 317,343	\$ 2,358,758	\$ 204,468	\$ 2,176,344	\$ 2,676,101	\$ 2,380,812
Operating grants and contributions	169,317	1,122	141,607	-	170,439	141,607
Capital grants and contributions	<u>1,121,756</u>	<u>-</u>	<u>982,087</u>	<u>-</u>	<u>1,121,756</u>	<u>982,087</u>
Total program receipts	<u>1,608,416</u>	<u>2,359,880</u>	<u>1,328,162</u>	<u>2,176,344</u>	<u>3,968,296</u>	<u>3,504,506</u>
General receipts:						
Property and other local taxes	1,843,004	-	1,641,876	-	1,843,004	1,641,876
Grants and entitlements not restricted to specific programs	102,204	-	114,998	-	102,204	114,998
Note and bond proceeds	4,390,000	658,655	-	-	5,048,655	-
Interest	16,195	-	18,630	-	16,195	18,630
Miscellaneous	<u>97,550</u>	<u>30,992</u>	<u>94,197</u>	<u>47,410</u>	<u>128,542</u>	<u>141,607</u>
Total general receipts	<u>6,448,953</u>	<u>689,647</u>	<u>1,869,701</u>	<u>47,410</u>	<u>7,138,600</u>	<u>1,917,111</u>
Total receipts	<u>8,057,369</u>	<u>3,049,527</u>	<u>3,197,863</u>	<u>2,223,754</u>	<u>11,106,896</u>	<u>5,421,617</u>
Cash disbursements:						
General government	205,178	-	215,084	-	205,178	215,084
Security of persons and property	760,416	-	712,567	-	760,416	712,567
Public health services	18,780	-	22,614	-	18,780	22,614
Leisure time activities	110,898	-	122,419	-	110,898	122,419
Community environment	10,835	-	19,842	-	10,835	19,842
Basic utilities	-	1,428,450	-	1,294,091	1,428,450	1,294,091
Transportation	276,524	-	398,618	-	276,524	398,618
Capital outlay	2,750,319	564,495	1,246,947	266,110	3,314,814	1,513,057
Principal retirement	2,837,341	383,367	95,489	373,880	3,220,708	469,369
Interest and fiscal charges	<u>174,815</u>	<u>57,025</u>	<u>66,416</u>	<u>52,691</u>	<u>231,840</u>	<u>119,107</u>
Total cash disbursements	<u>7,145,106</u>	<u>2,433,337</u>	<u>2,899,996</u>	<u>1,986,772</u>	<u>9,578,443</u>	<u>4,886,768</u>
Change in net cash position	912,263	616,190	297,867	236,982	1,528,453	534,849
Net cash position at beginning of year	<u>1,681,426</u>	<u>2,077,765</u>	<u>1,383,559</u>	<u>1,840,783</u>	<u>3,759,191</u>	<u>3,224,342</u>
Net cash position at end of year	<u>\$ 2,593,689</u>	<u>\$ 2,693,955</u>	<u>\$ 1,681,426</u>	<u>\$ 2,077,765</u>	<u>\$ 5,287,644</u>	<u>\$ 3,759,191</u>

**VILLAGE OF ADA
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Program receipts represent 35.7 percent of total receipts and are primarily comprised of utility charges for services, restricted grants, intergovernmental receipts such as motor vehicle license and gas tax money, and building permits and inspection fees.

General receipts represent 64.3 percent of the Village's total Governmental receipts, and of this amount, 28.6 percent are local taxes. 68.1 percent are note and bond proceeds in 2013.

Disbursements for General Government represent the overhead costs of running the Village. These include the costs of council, and the fiscal officer.

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 Village 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 12, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for principal retirements, capital outlay, general government, transportation and security of persons and property, which account for 39.7 percent, 38.5 percent, 2.9 percent, 3.9 percent and 10.6 percent of all governmental disbursements, respectively. 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 Village that must be used to provide a specific service. The net (Disbursements) Receipts 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 YEAR ENDED DECEMBER 31, 2013

(Table 3)

Governmental Activities

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Cash disbursements:				
General government	\$ 205,178	\$ (163,612)	\$ 215,084	\$ (174,088)
Security of persons and property	760,416	(713,846)	712,567	(662,674)
Public health services	18,780	(18,780)	22,614	(22,614)
Leisure time activities	110,898	(75,372)	122,419	(78,566)
Community environment	10,835	(10,835)	19,842	(19,842)
Transportation	276,524	(55,839)	398,618	(257,011)
Capital outlay	2,750,319	(1,633,058)	1,246,947	(266,283)
Principal retirement	2,837,341	(2,690,533)	95,489	(24,340)
Interest and fiscal charges	<u>174,815</u>	<u>(174,815)</u>	<u>66,416</u>	<u>(66,416)</u>
 Total	 <u>\$ 7,145,106</u>	 <u>\$ (5,536,690)</u>	 <u>\$ 2,899,996</u>	 <u>\$ (1,571,834)</u>

The dependence upon property and income tax receipts is apparent as 77.5 percent of governmental activities are supported through these general receipts.

Business-type Activities

Revenues were adequate to cover the costs to operate the Business Activities. The Village will continue to adjust rates so that each utility collects enough revenue to off-set costs.

The Village's Funds

The water fund had receipts of \$773,319 and disbursements of \$750,085. The fund balance of the Water Fund increased \$23,234. The sewer fund had receipts of \$1,851,105 and disbursements of \$1,338,459. The fund balance of the sewer fund increased \$512,646.

General Fund Budgeting Highlights

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

During 2013, the Village amended its budget several times to reflect changing circumstances. Actual receipts were equal to budgeted. Final appropriations were slightly greater than original while actual disbursements were less than appropriations.

**VILLAGE OF ADA
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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 was anticipated that this program would be fully functional for 2013, but reductions in staff delayed the implementation. This projected has been delayed until such time it can be completed.

Debt

At December 31, 2013, the outstanding debt was \$4,787,621 issued for water and sewer improvements, equipment, improvements to structures, and street improvements. The Village also has \$29,088 in capital leases for equipment. For further information regarding the Village's debt, refer to Notes 9 and 10 to the basic financial statements.

Contacting the Village's Financial 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, P.O. Box 292, Ada, Ohio 45810.

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**VILLAGE OF ADA
HARDIN COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2013**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$2,593,689	\$2,693,955	\$5,287,644
Total Assets	<u>2,593,689</u>	<u>2,693,955</u>	<u>5,287,644</u>
Net Position:			
Restricted for:			
Capital Projects	62,517		62,517
Other Purposes	1,426,183		1,426,183
Unrestricted	1,104,989	2,693,955	3,798,944
Total Net Position	<u>\$2,593,689</u>	<u>\$2,693,955</u>	<u>\$5,287,644</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA
HARDIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$205,178	\$41,566		
Security of Persons and Property	760,416	42,075		\$4,495
Public Health Services	18,780			
Leisure Time Activities	110,898	35,526		
Community Environment	10,835			
Transportation	276,524	51,368	\$169,317	
Capital Outlay	2,750,319			1,117,261
Debt Service:				
Principal Retirement	2,837,341	146,808		
Interest and Fiscal Charges	174,815			
Total Governmental Activities	7,145,106	317,343	169,317	1,121,756
Business Type Activity:				
Water	750,086	752,770	475	
Sewer	1,338,458	1,180,883	647	
Storm Sewer Utility	81,086	104,850		
Solid Waste & Refuse	218,886	244,255		
Utility Deposit	44,821	76,000		
Total Business Type Activities	2,433,337	2,358,758	1,122	
Total	\$9,578,443	\$2,676,101	\$170,439	\$1,121,756

General Receipts

Property and Other Local Taxes Levied for:

- General Purposes
- Municipal Income Taxes - General Purposes
- Municipal Income Taxes - Swimming Pool
- Municipal Income Taxes - Safety Tax Levy

Grants and Entitlements not Restricted to Specific Programs

Interest

Note Proceeds

Bond Proceeds

Miscellaneous

Total General Receipts

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$163,612)		(\$163,612)
(713,846)		(713,846)
(18,780)		(18,780)
(75,372)		(75,372)
(10,835)		(10,835)
(55,839)		(55,839)
(1,633,058)		(1,633,058)
(2,690,533)		(2,690,533)
(174,815)		(174,815)
<u>(5,536,690)</u>		<u>(5,536,690)</u>
	\$3,159	3,159
	(156,928)	(156,928)
	23,764	23,764
	25,369	25,369
	31,179	31,179
	<u>(73,457)</u>	<u>(73,457)</u>
<u>(5,536,690)</u>	<u>(73,457)</u>	<u>(5,610,147)</u>
61,270		61,270
1,079,839		1,079,839
161,975		161,975
539,920		539,920
102,204		102,204
16,195		16,195
1,500,000	658,656	2,158,656
2,890,000		2,890,000
97,550	30,991	128,541
<u>6,448,953</u>	<u>689,647</u>	<u>7,138,600</u>
912,263	616,190	1,528,453
<u>1,681,426</u>	<u>2,077,765</u>	<u>3,759,191</u>
<u>\$2,593,689</u>	<u>\$2,693,955</u>	<u>\$5,287,644</u>

VILLAGE OF ADA
HARDIN COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General	Street Maintenance and Repair	Swimming Pool	Street Bond	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:							
Equity in Pooled Cash and Cash Equivalents	\$1,104,988	\$354,395	\$678,344	\$0	\$62,519	\$393,443	\$2,593,689
Total Assets	<u>1,104,988</u>	<u>354,395</u>	<u>678,344</u>	<u>0</u>	<u>62,519</u>	<u>393,443</u>	<u>2,593,689</u>
Fund Balances:							
Restricted		354,395	678,344	0	62,519	393,443	1,488,701
Assigned	251,938						251,938
Unassigned (Deficit)	853,050						853,050
Total Fund Balances	<u>\$1,104,988</u>	<u>\$354,395</u>	<u>\$678,344</u>	<u>\$0</u>	<u>\$62,519</u>	<u>\$393,443</u>	<u>\$2,593,689</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, 2013

	General	Street Maintenance and Repair	Swimming Pool	Street Bond	Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts:							
Property and Other Local Taxes	\$1,141,111		\$161,976			\$539,920	\$1,843,007
Charges for Services	41,566		35,526				77,092
Fines, Licenses and Permits	42,075						42,075
Intergovernmental	106,699	\$142,163			\$1,117,261	\$27,155	1,393,278
Special Assessments	198,176						198,176
Interest	13,978	1,043				1,174	16,195
Miscellaneous	59,876	10,000	2,370		25,302		97,548
Total Receipts	1,603,481	153,206	199,872	0	1,142,563	568,249	3,667,371
Disbursements:							
Current:							
General Government	205,177						205,177
Security of Persons and Property	275,621					484,795	760,416
Public Health Services	18,780						18,780
Leisure Time Activities	10,713		100,186				110,899
Community Environment	10,835						10,835
Transportation	265,161	9,168				2,195	276,524
Capital Outlay	1,513,663				1,236,656		2,750,319
Debt Service:							
Principal Retirement	62,314	14,993		2,760,034			2,837,341
Interest and Fiscal Charges	32,910	11,940		129,966			174,816
Total Disbursements	2,395,174	36,101	100,186	2,890,000	1,236,656	486,990	7,145,107
Excess of Receipts Over (Under) Disbursements	(791,693)	117,105	99,686	(2,890,000)	(94,093)	81,259	(3,477,736)
Other Financing Sources (Uses):							
Sale of Bonds				2,890,000			2,890,000
Sale of Notes	1,500,000						1,500,000
Transfers In					71,293		71,293
Transfers Out	(71,293)						(71,293)
Total Other Financing Sources (Uses)	1,428,707	0	0	2,890,000	71,293	0	4,390,000
Net Change in Fund Balances	637,014	117,105	99,686	0	(22,800)	81,259	912,264
Fund Balances Beginning of Year	467,974	237,290	578,658	0	85,319	312,184	1,681,425
Fund Balances End of Year	\$1,104,988	\$354,395	\$678,344	\$0	\$62,519	\$393,443	\$2,593,689

See accompanying notes to the basic financial statements.

VILLAGE OF ADA
HARDIN COUNTY

STATEMENT OF FUND NET POSITION - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2013

	<u>Water</u>	<u>Sewer</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,011,966	\$1,372,156	\$309,833	\$2,693,955
Total Assets	<u>1,011,966</u>	<u>1,372,156</u>	<u>309,833</u>	<u>2,693,955</u>
Net Position:				
Unrestricted	1,011,966	1,372,156	309,833	2,693,955
Total Net Position	<u>\$1,011,966</u>	<u>\$1,372,156</u>	<u>\$309,833</u>	<u>\$2,693,955</u>

See accompanying notes to the basic financial statements.

VILLAGE OF ADA
HARDIN COUNTY

**STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Water</u>	<u>Sewer</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Operating Receipts:				
Charges for Services	\$752,770	\$1,180,883	\$425,105	\$2,358,758
Intergovernmental	\$475	\$646		\$1,121
Other Operating Receipts	20,074	10,920		30,994
Total Operating Receipts	<u>773,319</u>	<u>1,192,449</u>	<u>425,105</u>	<u>2,390,873</u>
Operating Disbursements:				
Personal Services	250,090	263,953		514,043
Contract Services	93,407	129,682	228,103	451,192
Materials & Supplies	185,034	41,023	460	226,517
Utilities	41,368	91,791	16,532	149,691
Other	20,433	21,753	44,822	87,008
Total Operating Disbursements	<u>590,332</u>	<u>548,202</u>	<u>289,917</u>	<u>1,428,451</u>
Operating Income	182,987	644,247	135,188	962,422
Non-Operating Receipts / (Disbursements):				
Sale of Notes		658,656		658,656
Principal Payments	(123,512)	(221,714)	(38,141)	(383,367)
Interest and Fiscal Charges	(11,672)	(28,617)	(16,736)	(57,025)
Capital Outlay	(24,569)	(539,926)		(564,495)
Total Non-Operating Receipts / (Disbursements)	<u>(159,753)</u>	<u>(131,601)</u>	<u>(54,877)</u>	<u>(346,231)</u>
Change in Net Position	23,234	512,646	80,311	616,191
Net Position at Beginning of Year	<u>988,732</u>	<u>859,510</u>	<u>229,522</u>	<u>2,077,764</u>
Net Position at End of Year	<u>\$1,011,966</u>	<u>\$1,372,156</u>	<u>\$309,833</u>	<u>\$2,693,955</u>

See accompanying notes to the basic financial statements.

VILLAGE OF ADA
HARDIN COUNTY

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2013

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$15,601</u>
Total Assets	<u><u>\$15,601</u></u>
Net Position:	
Unrestricted	<u><u>\$15,601</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF ADA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 - REPORTING ENTITY

The Village of Ada, Hardin County, Ohio (the "Village"), is a body of corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, 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. The Village contracts with Ada Liberty Township Fire Department for fire protection 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. Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in two jointly governed organizations which are the Ada Liberty Joint Ambulance District and Hardin County Regional Planning Commission, and one public entity risk pool which is the Public Entities Pool of Ohio. Notes 6 and 12 to the financial statements provides additional information for these entities.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

VILLAGE OF ADA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Basis of Presentation

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

1. Government-Wide Financial Statements

The statement of net position 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 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 non-exchange 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 position 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.

2. 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from 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. All other receipts and disbursements are listed as non-operating on the fund statements.

VILLAGE OF ADA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

1. Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Maintenance and Repair Fund, Swimming Pool Fund, Street Bond Fund and Capital Projects 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 Street Maintenance and Repair Fund is used to account for receipts from taxes and state grants restricted for the repair and maintenance of Village streets. The Swimming Pool Fund is used to account for receipts from an income tax levy restricted for operations of the Village pool. The Street Bond Fund is used to account for the Village's 2013 issuance of Bonds for street projects. The Capital Projects Fund is used to account for major capital improvements.

2. 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. The Water Fund accounts for the provision of water to the residents and commercial users located within the Village and the payment of any related debts. The Sewer Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village, the payment of any related debts, and the construction of and improvements to the Village's wastewater treatment plant.

3. 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. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's Agency Fund is used to account for Fire Damage and Insurance deposits. The Village has no Trust funds.

VILLAGE OF ADA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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 paid rather than when a liability is incurred.

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. Cash and Investments

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 statement 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.

During the year, the Village invested in federal agency securities (FHLB and FFCB) through Huntington National Bank. Certificates of deposit were purchased through the CDARS program.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2013 were \$13,978 which includes \$7,078 assigned from other funds.

E. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village does not have any restricted assets.

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.

VILLAGE OF ADA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 7 and 8, 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 the other financing source nor capital outlay expenditures are reported at inception. Lease payments are reported when paid.

K. Net Position

Net position is reported as restricted when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily includes resources restricted for maintenance of roads and the swimming pool.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

L. Fund Balance

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

Non-spendable - The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions. Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

VILLAGE OF ADA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Un-assigned - Un-assigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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 non-operating 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 - DEPOSITS AND INVESTMENTS

Monies held by the Village are classified by 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.

VILLAGE OF ADA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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 (STAR Ohio); and,
8. The CDARS program.

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. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,958,382 of the Village's bank balance of \$5,309,107 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

VILLAGE OF ADA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be 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.

NOTE 4 - INCOME TAXES

The Village levies a 1.65 percent income tax whose proceeds are placed into the General Fund, Safety Tax Fund and the Swimming Pool Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 100 percent of the 1.65 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

NOTE 5 - 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 2013 represent the collection of 2012 taxes. Real property taxes received in 2013 were levied after October 1, 2012, on the assessed values as of January 1, 2012, 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 2013 represent the collection of 2012 taxes. Public utility real and tangible personal property taxes received in 2013 became a lien on December 31, 2011, were levied after October 1, 2012, 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.

The full tax rate for all Village operations for the year ended December 31, 2013, was \$70.05 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2013 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 36,918,620
Commercial/industrial/public utilities	10,340,590
<u>Tangible personal property</u>	
Public utility	2,229,610
Total assessed value	<u><u>\$ 49,488,820</u></u>

VILLAGE OF ADA, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 6 - RISK MANAGEMENT

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

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

The Village 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2013, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013:

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	<u>(14,208,353)</u>	<u>(12,760,194)</u>
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Village's share of these unpaid claims collectible in future years is approximately \$53,000.

Based on discussions with PEP, the expected rates 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.

VILLAGE OF ADA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 6 - RISK MANAGEMENT - (Continued)

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2012</u>
\$76,392	\$73,382

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to 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 PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

NOTE 7 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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 years at 20% 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 Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the 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 which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and contribution rates were consistent across all three plans. The 2013 member contribution rates were 10.00% for members. The Village’s contribution rate for 2013 was 14.00% of covered payroll.

The Village’s contribution rate for pension benefits for members in the Traditional Plan for 2013 was 13.00%. The Village’s contribution rate for pension benefits for members in the Combined Plan for 2013 was 13.00%. The Village’s required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$87,492, \$60,342, and \$62,760, respectively; 100% has been contributed for 2013, 2012 and 2011. Contributions to the member-directed plan for 2013 were \$1,090 made by the Village and \$778 made by the plan members.

VILLAGE OF ADA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 7 - PENSION PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

Plan Description - 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 statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at www.op-f.org.

Funding Policy - From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.00% of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, the Village was required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute.

For 2013, the portion of the Village's contributions to fund pension obligations was 14.81% for January 1, 2013 through May 31, 2013 and 16.65% for June 1, 2013 through December 31, 2013 for police officers. The Village's required contributions for pension obligations to OP&F for police officers was \$48,004 for the year ended December 31, 2013, \$37,415 for the year ended December 31, 2012, and \$38,449, for the year ended December 31, 2011. The full amount has been contributed for 2013, 2012 and 2011.

NOTE 8 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

VILLAGE OF ADA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 8 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2013 was 1.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2013 was 1.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$6,730, \$24,135, and \$25,104, respectively; 100% has been contributed for 2013, 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment health care 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.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at www.op-f.org.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

VILLAGE OF ADA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 8 - POSTRETIREMENT BENEFIT PLANS - (Continued)

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 through May 31, 2013 and 2.85% of covered payroll from June 1, 2013 through December 31, 2013. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers was \$10,674 for the year ended December 31, 2013, \$19,808 for the year ended December 31, 2012, and \$20,355, for the year ended December 31, 2011. The full amount has been contributed for 2013, 2012 and 2011.

NOTE 9 - DEBT

A summary of the Village's outstanding debt follows:

	Interest Rate	Balance 12/31/2012	Additions	Reductions	Balance 12/31/2013	Due in One Year
Ohio Water Development Authority (1989)	2.20%	\$ 297,072	\$ -	\$ (63,512)	233,560	\$ 64,917
Ohio Water Development Authority (2000)	2.20%	882,558	-	(89,701)	792,857	91,686
Ohio Public Works Commission Loan (2011)	0.00%	84,075	-	(5,147)	78,928	3,432
General Obligation Note (2006)	5.31%	62,219	-	(14,400)	47,819	15,100
General Obligation Note (2011)	0.00%	17,305	-	(8,653)	8,652	8,652
General Obligation Note (2009)	0.00%	80,000	-	(80,000)	-	-
General Obligation Note (2006)	3.93%	104,050	-	(33,400)	70,650	34,700
Buckeye Street Improvement Bonds (2010)	5.29%	845,000	-	(845,000)	-	-
Streetscape Bonds (2004)	4.50%	580,000	-	(505,000)	75,000	60,000
Various Purpose Bonds (2013)	3.83%	-	2,890,000	-	2,890,000	100,000
Concrete Streets Loan (2013)	3.80%	-	1,500,000	(1,500,000)	-	-
Ohio Water Development Authority (2013)	1.00%	-	658,656	(68,501)	590,155	137,687
Total Principal Outstanding		<u>\$ 2,952,279</u>	<u>\$ 5,048,656</u>	<u>\$ (3,213,314)</u>	<u>\$ 4,787,621</u>	<u>\$ 516,174</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, 2000 and 2013 loans will be repaid in semiannual installments 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.

VILLAGE OF ADA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 9 - DEBT - (Continued)

A General Obligation Note was issued in 2006 to purchase 2 lime slackers. The principal will be retired in varying annual amounts over 10 years.

A General Obligation Note was issued in 2006 to repaint the water tower. The principal will be retired in varying annual amounts over 9 years.

The Buckeye Street Improvement Bonds issued in 2010 were to purchase 119 W. Buckeye and 114 W. Buckeye Street properties which are associated with the Buckeye Street Project Phase 1. The Village entered into purchase agreements with the owners of the aforementioned Buckeye Street properties which require annual payments to the property owners; the bank loan is being utilized to finance the required payments. The remaining principal was retired during 2013.

General Obligation Note was issued in 2011 to purchase property. The principal will be retired in varying annual amounts over 4 years.

The Streetscape Bonds were issued in 2004 for streetscape improvements. The principal will be retired in varying annual amounts over 20 years.

The 2011 Ohio Public Works Commission (OPWC) loan was issued for the East Lincoln Street Project with zero % interest. The principal will be retired in equal amounts over 25 years.

General Obligation Note was issued in 2009 to purchase property. The remaining principal was retired during 2013.

The Concrete Streets Loan was issued in 2013 in anticipation of the issuance of bonds for various street reconstruction projects. The loan was paid off by the issuance of the Various Purpose Bonds.

Various Purpose Bonds issued in 2013 to pay off the Buckeye Street Improvement Bonds, to pay off the majority of the Streetscape Bonds, and to refinance the Concrete Streets Loan. The principal will be retired in varying amounts over 20 years.

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

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 516,174	\$ 130,265	\$ 646,439
2015	365,398	105,454	470,852
2016	343,839	97,812	441,651
2017	290,808	91,684	382,492
2018	258,503	86,349	344,852
2019 - 2023	1,170,852	347,846	1,518,698
2024 - 2028	747,158	211,994	959,152
2029 - 2033	632,158	72,819	704,977
2034 - 2036	<u>10,263</u>	<u>-</u>	<u>10,263</u>
Total	<u>\$ 4,335,153</u>	<u>\$ 1,144,223</u>	<u>\$ 5,479,376</u>

VILLAGE OF ADA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 9 - DEBT - (Continued)

During 2013, OWDA disbursed \$658,656 of loan proceeds to the Village for the WWTP Improvements Loan #6267. The loan is not yet finalized, thus, no amortization exists. The Village made a semi-annual payment on this loan in 2013 and will pay \$137,687 in principal and \$6,321 in interest in 2014. These amounts are included in the amortization above; however, the remaining principal of \$452,468 and corresponding interest are not included.

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and un-voted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2013, were an overall debt margin of \$2,536,144 with an un-voted debt margin of \$41,956.

NOTE 10 - LEASES

The Village leases vehicles and copiers. The vehicle lease payment is recorded in principal and interest. The copier payment is recorded in functional disbursements. The Village disbursed \$10,967 (\$7,394 in principal) to pay lease costs for the year ended December 31, 2013. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 10,967
2015	10,967
2016	3,577
2017	<u>3,577</u>
Total	<u>\$ 29,088</u>

NOTE 11 - CONTINGENT LIABILITIES

- A. Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.
- B. At December 31, 2013, the Village was not involved in any lawsuits that would have a material adverse effect on the Village's financial position.

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

A. Ada Liberty Joint Ambulance District

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

VILLAGE OF ADA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

B. Hardin County Regional Planning Commission

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

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute an assessment per capita, according to the latest federal census, in any calendar year in which the revenue is needed. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326.

NOTE 13 - FUND CASH BALANCE

Fund cash balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund cash balance for the major governmental funds and all other governmental funds are presented below:

Fund cash balance	General	Street Maintenance and Repair	Swimming Pool	Street Bond	Capital Projects	Other Governmental Funds	Total Governmental Funds
Restricted:							
Capital projects	\$ -	\$ -	\$ -	\$ -	\$ 62,519	\$ -	\$ 62,519
Security of persons and property	-	-	-	-	-	100,237	100,237
Transportation projects	-	354,395	-	-	-	293,206	647,601
Leisure time activities	-	-	678,344	-	-	-	678,344
Total restricted	-	354,395	678,344	-	62,519	393,443	1,488,701
Assigned:							
General government	4,264	-	-	-	-	-	4,264
Security of persons and property	6,127	-	-	-	-	-	6,127
Community environment	2,221	-	-	-	-	-	2,221
Leisure time activities	4,609	-	-	-	-	-	4,609
Transportation	17,088	-	-	-	-	-	17,088
Capital outlay	217,629	-	-	-	-	-	217,629
Total assigned	251,938	-	-	-	-	-	251,938
Unassigned	853,050	-	-	-	-	-	853,050
Total fund cash balances	<u>\$ 1,104,988</u>	<u>\$ 354,395</u>	<u>\$ 678,344</u>	<u>\$ -</u>	<u>\$ 62,519</u>	<u>\$ 393,443</u>	<u>\$ 2,593,689</u>

VILLAGE OF ADA, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 14 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2013, consisted of the following, as reported in the fund financial statements:

Transfer from general fund to:

Capital Projects Fund	\$ 71,293
Total	<u>\$ 71,293</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were in compliance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

Interfund transfers between governmental funds are eliminated on the statement of activities - cash basis.

NOTE 15 - SUBSEQUENT EVENT

The Village is under mandates from the EPA to update the sanitary sewer plant. Grants have been applied for and designs have been created to update the facility. However, if grant money is not available, it may not be possible to proceed with the mandates until funding is obtained.

NOTE 16 - RELATED PARTY TRANSACTIONS

- i.* Council person Catherine Cole works at Cole Motor Sales in Ada, Ohio. The Village of Ada does incur disbursements for vehicle maintenance with her employer. The Village of Ada has also purchased vehicles from her employer. She has abstained from all transactions relating to her employer.
- ii.* Council person Jeffrey Oestreich works at WCOIL in Lima, Ohio. The Village of Ada does receive internet services through his employer for the safety department. Currently, all other departments only have email addresses associated with his employer. He has abstained from all transactions relating to his employer.

BUDGETARY SCHEDULES

**VILLAGE OF ADA
HARDIN COUNTY**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$1,039,174	\$1,141,109	\$1,141,109	\$0
Charges for Services	42,200	41,566	41,566	0
Fines, Licenses and Permits	38,000	42,075	42,075	0
Intergovernmental	58,899	106,700	106,700	0
Special Assessments	71,000	69,076	69,076	0
Interest	15,000	13,978	13,978	0
Miscellaneous	41,350	59,876	59,876	0
Total Receipts	<u>1,305,623</u>	<u>1,474,380</u>	<u>1,474,380</u>	<u>0</u>
Disbursements:				
Current:				
General Government	225,480	219,791	209,442	10,349
Security of Persons and Property	304,308	321,256	281,748	39,508
Public Health Services	18,780	18,780	18,780	0
Leisure Time Activities	15,900	15,900	15,322	578
Community Environment	12,558	13,059	13,059	-
Transportation	386,037	387,395	282,249	105,146
Debt Service:				
Principal Retirement	69,230	69,230	62,314	6,916
Interest and Fiscal Charges	42,667	42,667	30,217	12,450
Total Disbursements	<u>1,074,960</u>	<u>1,088,078</u>	<u>913,131</u>	<u>174,947</u>
Excess of Receipts Over (Under) Disbursements	<u>230,663</u>	<u>386,302</u>	<u>561,249</u>	<u>174,947</u>
Other Financing Sources (Uses)				
Transfer Out	(217,899)	(130,346)	(130,346)	-
Intrafund Transfer In	693,995	1,008,778	1,008,778	-
Intrafund Transfer Out	(693,995)	(1,008,778)	(1,008,778)	-
Net Change in Fund Balance	12,764	255,956	430,903	174,947
Fund Balance Beginning of Year	413,255	413,255	413,255	
Prior Year Encumbrances Appropriated	<u>8,887</u>	<u>8,887</u>	<u>8,887</u>	
Fund Balance End of Year	<u>\$434,906</u>	<u>\$678,098</u>	<u>\$853,045</u>	<u>174,947</u>

See accompanying notes to the budgetary schedules.

**VILLAGE OF ADA
HARDIN COUNTY**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	118,651	142,163	142,163	\$0
Interest	2,400	1,043	1,043	0
Fines, Licenses, and Permits				0
Miscellaneous	10,100	10,000	10,000	0
Total Receipts	<u>131,151</u>	<u>153,206</u>	<u>153,206</u>	<u>0</u>
Disbursements:				
Current:				
Transportation	148,000	148,000	147,541	459
Debt Service:				
Principal Retirement	18,000	18,000	14,993	3,007
Interest and Fiscal Charges	17,091	17,091	11,939	5,152
Total Disbursements	<u>183,091</u>	<u>183,091</u>	<u>174,473</u>	<u>8,618</u>
Excess of Receipts Over (Under) Disbursements	(51,940)	(29,885)	(21,267)	8,618
Fund Balance Beginning of Year	<u>237,290</u>	<u>237,290</u>	<u>237,290</u>	
Fund Balance End of Year	<u>\$185,350</u>	<u>\$207,405</u>	<u>\$216,023</u>	<u>\$8,618</u>

See accompanying notes to the budgetary schedules.

**VILLAGE OF ADA
HARDIN COUNTY**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SWIMMING POOL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	Original	Final	Actual	
Receipts:				
Property and Other Local Taxes	\$145,024	\$161,976	\$161,976	\$0
Charges for Services	42,000	35,526	35,526	0
Miscellaneous	500	2,370	2,370	0
Total Receipts	<u>187,524</u>	<u>199,872</u>	<u>199,872</u>	<u>0</u>
Disbursements:				
Current:				
Leisure Time Activities	141,870	143,578	118,888	24,690
Total Disbursements	<u>141,870</u>	<u>143,578</u>	<u>118,888</u>	<u>24,690</u>
Excess of Receipts Over (Under) Disbursements	<u>45,654</u>	<u>56,294</u>	<u>80,984</u>	<u>24,690</u>
Other Financing Sources (Uses):				
Intrafund Transfer In	93,911	93,911	74,642	(19,269)
Intrafund Transfer Out	<u>(93,911)</u>	<u>(93,911)</u>	<u>(74,642)</u>	<u>19,269</u>
Net Change in Fund Balance	<u>45,654</u>	<u>56,294</u>	<u>80,984</u>	<u>24,690</u>
Fund Balance Beginning of Year	576,950	576,950	576,950	
Prior Year Encumbrances Appropriated	<u>1,708</u>	<u>1,708</u>	<u>1,708</u>	
Fund Balance End of Year	<u><u>\$624,312</u></u>	<u><u>\$634,952</u></u>	<u><u>\$659,642</u></u>	<u><u>\$24,690</u></u>

See accompanying notes to the budgetary schedules.

VILLAGE OF ADA, OHIO

NOTES TO THE BUDGETARY SCHEDULES FOR THE YEAR ENDED DECEMBER 31, 2013

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinances, all of which are prepared on the cash basis as required by the County Budget Commission. All funds, other than Agency Funds, are legally required to be budgeted and appropriated. The certificate of estimated resources and the appropriation ordinances are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources as certified. All changes in appropriated amounts require action by Village Council.

Tax Budget – The Hardin County Budget Commission has adopted a resolution waiving required adoption of the annual tax budget for subdivisions that file their prior year financial statement with the Commission by June 30th and which either have no public debt or which have public debt and file additional debt-related information with the Commission.

Estimated Resources – Prior to October 1, the Village accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the estimated fund balance and projected revenue of each fund. Prior to December 31, the Village must revise its budget for the upcoming year so that expenditures/expenses from any fund during the year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure.

On or about January 1, the certificate is amended to include the actual unencumbered fund balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the fiscal officer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during 2013.

Appropriations – By March 31, the annual appropriation ordinance must be legally enacted by the Village at the fund/department/object level which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Village may pass a temporary appropriation measure to meet the ordinary expenses of the Village. The appropriation ordinance, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation or alter total appropriations within an object of a department must be approved by Village Council. Council may pass supplemental fund appropriations so long as the total appropriation by fund does not exceed the amounts set forth in the most recent amended certificate of estimated resources. During the year, several supplemental appropriations were adopted. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

Budgeted Level of Expenditure/Expense – Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Disbursements plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made at the object level.

Lapsing of Appropriations - Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

VILLAGE OF ADA, OHIO

NOTES TO THE BUDGETARY SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2013

Encumbrances - Encumbrance accounting is utilized by Village funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. Encumbrances outstanding at year end appear as either part of the restricted, committed, or assigned fund balance and as the equivalent of expenditures on the budgetary comparison in order to demonstrate legal compliance. This encumbrance authority is carried forward to the next fiscal year and is reported in the “Revised Budget” amount for budgetary comparisons. If the actual expenditures are less than the amount encumbered, the excess reserve is closed to the unreserved fund balance. At December 31, 2013, the encumbrances outstanding at year-end amounted to \$34,311 for the General Fund, \$18,702 for the Swimming Pool Fund and \$138,372 for the Street Maintenance and Repair Fund.

Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The schedules of receipts, disbursements and changes in fund balance - budget and actual – budget basis presented for the general fund, street maintenance and repair fund, and swimming pool fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund cash balance for that portion of outstanding encumbrances (cash basis); and,
- (b) Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the net change in fund cash balance for the year on the budget basis to the cash basis for the general fund, street maintenance and repair fund and swimming pool fund are as follows:

Net Change in Fund Balance

	<u>General Fund</u>	<u>Street Maintenance and Repair Fund</u>	<u>Swimming Pool Fund</u>
Budget basis	\$ 430,903	\$ (21,267)	\$ 80,984
Funds budgeted elsewhere	171,800	-	-
Adjustment for encumbrances	<u>34,311</u>	<u>138,372</u>	<u>18,702</u>
Cash basis	<u>\$ 637,014</u>	<u>\$ 117,105</u>	<u>\$ 99,686</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on the fund financial statements. This includes the street construction fund and the street equipment reserve fund.

SUPPLEMENTARY DATA

VILLAGE OF ADA
HARDIN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF TRANSPORTATION			
<i>(Passed through Ohio Department of Transportation)</i>			
Highway Planning and Construction	83157	20.205	\$ 18,402
Highway Planning and Construction	85351	20.205	71,375
Highway Planning and Construction	89346	20.205	<u>745,560</u>
Total U.S. Department of Transportation			<u>835,337</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>(Passed through Ohio Emergency Management Agency)</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FEMA-4077-DR-065-00198	97.036	<u>33,207</u>
Total U.S. Department of Homeland Security			<u>33,207</u>
Total Federal Awards Expenditures			<u>\$ 868,544</u>

Notes to the Schedule of Federal Awards Expenditures:

Note A - Significant Accounting Policies

The accompanying Schedule of Federal Awards Expenditures (the "Schedule") summarizes the activity of the Village of Ada (the "Village") federal awards programs. The Schedule has been prepared on the cash basis of accounting.

Note B - Matching Requirements

Certain Federal programs require that the Village contribute non-Federal funds (match funds) to support the Federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-Federal matching funds is not included in the Schedule.



Julian & Grube, Inc.

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

Village of Ada
Hardin County
115 W. Buckeye Street
P.O. Box 292
Ada, Ohio 45810

To the Members of Council and Mayor:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Ada, Hardin County, Ohio, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village of Ada's basic financial statements, and have issued our report thereon dated June 20, 2014, wherein we noted the Village of Ada uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village of Ada's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-VOA-001 in the accompanying schedule of findings and responses to be a material weakness.

Members of Council and Mayor
Village of Ada

Compliance and Other Matters

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

We also noted certain matters not requiring inclusion in this report that we reported to the Village of Ada's management in a separate letter dated June 20, 2014.

Village of Ada's Response to Findings

The Village of Ada's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Village of Ada's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



Julian & Grube, Inc.
June 20, 2014



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**Independent Auditor's Report on Compliance With Requirements Applicable
to The Major Federal Program and on Internal Control Over
Compliance Required by OMB Circular A-133**

Village of Ada
Hardin County
115 W. Buckeye Street
P.O. Box 292
Ada, Ohio 45810

To the Members of Council and Mayor:

Report on Compliance for the Major Federal Program

We have audited the Village of Ada's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village of Ada's major federal program for the year ended December 31, 2013. The *Summary of Audit Results* in the accompanying schedule of findings and responses identifies the Village of Ada's major federal program.

Management's Responsibility

The Village of Ada's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Village of Ada's compliance for the Village of Ada's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Ada's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village of Ada's major program. However, our audit does not provide a legal determination of the Village of Ada's compliance.

Opinion on the Major Federal Program

In our opinion, the Village of Ada complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2013.

Members of Council and Mayor
Village of Ada

Report on Internal Control Over Compliance

The Village of Ada's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village of Ada's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village of Ada's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
June 20, 2014

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weakness reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness reported for the major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Program's Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Program:	Highway Planning and Construction, CFDA #20.205
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2013-VOA-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and citizens with objective and timely information to enable well-informed decisions.

The following audit adjustments were made to correct misstatements identified in the audit of the Village's financial statements:

Governmental Activities (Government-Wide Financial Statements) -

- i. \$62,517 was reclassified to restricted for capital projects on the Statement of Net Position.
- ii. \$1,426,183 was reclassified to restricted for other purposes on the Statement of Net Position.
- iii. The receipt and disbursement of \$59,140 of federal grant on behalf payments related to the Highway Planning & Construction Grant were added to Capital Grants & Contributions and Capital Outlay on the Statement of Activities.
- iv. \$1,058,121 of Capital Grant Program receipts was reclassified from the General Government disbursement function to the Capital Outlay disbursement function on the Statement of Activities.
- v. \$2,890,000 of Bond Proceeds were reclassified from Capital Grants and Contributions to Bond Proceeds on the Statement of Activities.
- vi. \$2,760,034 of Principal Retirement and \$129,966 of Interest & Fiscal Charges were reclassified from Other Financing Uses on the Statement of Activities.
- vii. \$22,015 of Principal Retirement was reclassified from Interest & Fiscal Charges on the Statement of Activities.
- viii. \$169,317 of Motor Vehicle and Gas Taxes was reclassified from General Receipts to Operating Grants and Contributions on the Statement of Activities.
- ix. \$102,204 was reclassified from General Receipts to Grants and Entitlements not Restricted to Specific Programs on the Statement of Activities.

Business-type Activities (Government-Wide Financial Statements) - \$72,117 was reclassified from Restricted for Other Purposes to Unrestricted on the Statement of Net Position.

General Fund (Major General fund) -

- i. \$182,547 was reclassified from Unassigned Fund Balance to Assigned Fund Balance on the Governmental Statement of Cash Basis Assets and Fund Balances.

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2013-VOA-001 - (Continued)

- ii. \$1,067,831 of transfers in and out between General Fund special cost centers was eliminated from the Governmental Statement of Revenues, Expenditures, and Changes in Cash Basis Fund Balances.
- iii. \$1,500,000 of Note Proceeds were reclassified from Miscellaneous Revenue to Sale of Notes.

Swimming Pool Fund (Major Special Revenue fund) -

- i. \$74,642 of transfers in and out between Swimming Pool Fund special cost centers was eliminated from the Governmental Statement of Revenues, Expenditures, and Changes in Cash Basis Fund Balances.
- ii. \$29,116 of Property Tax Revenue belonging to the Other Governmental Funds was moved from the Swimming Pool Fund to the Other Governmental Funds.

Street Bond Fund (Major Debt Service fund) -

- i. \$2,890,000 of Bond Proceeds were reclassified from Intergovernmental Revenue to Sale of Bonds on the Governmental Statement of Revenues, Expenditures, and Changes in Cash Basis Fund Balances.
- ii. \$129,966 of Interest & Fiscal Charges was reclassified from Principal Retirement on the Governmental Statement of Revenues, Expenditures, and Changes in Cash Basis Fund Balances.

Capital Projects Fund (Major Capital Projects fund) - The receipt and disbursement of \$59,140 of federal grant on behalf payments related to the Highway Planning & Construction Grant were added to Intergovernmental Revenue and Capital Outlay on the Governmental Statement of Revenues, Expenditures, and Changes in Cash Basis Fund Balances.

Water Fund (Major Enterprise Fund) -

- i. \$88,653 was reclassified from Capital Outlay and Other Expenditures to Debt Service Principal Payments.
- ii. \$598,985 of disbursements was reclassified from "Billing - Water" to the proper caption titles on the Proprietary Statement of Cash Receipts, Disbursements, and Changes in Fund Net Position - Cash Basis.
- iii. \$82,500 of transfers in and out between Water Fund special cost centers was eliminated from the Proprietary Statement of Receipts, Disbursements, and Changes in Fund Net Position - Cash Basis.

Sewer Fund (Major Enterprise Fund) -

- i. \$548,202 of disbursements was reclassified from "Billing - Sewer" and "Other Sanitary Sewers" to the proper caption titles on the Proprietary Statement of Cash Receipts, Disbursements, and Changes in Fund Net Position - Cash Basis.
- ii. \$22,500 of transfers in and out between Sewer Fund special cost centers was eliminated from the Proprietary Statement of Receipts, Disbursements, and Changes in Fund Net Position - Cash Basis.

VILLAGE OF ADA
HARDIN COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2013-VOA-001 - (Continued)

- iii. \$658,656 of Loan Proceeds were reclassified from Intergovernmental Revenue to Loan Proceeds.
- iv. \$3,503 was reclassified from Principal Retirement to Interest & Fiscal Charges.

Nonmajor Enterprise Fund - \$289,917 of disbursements was reclassified from “Billing - Refuse,” “Billing - Storm Sewer,” and “Other Basic Utility Service” to the proper caption titles on the Proprietary Statement of Cash Receipts, Disbursements, and Changes in Fund Net Position - Cash Basis.

In addition to the classification and recording errors described above, the following errors and omissions were identified in the Village’s financial statements and note disclosures:

- The debt disclosures provided by the Village required modifications to be presented fairly.
- The Village did not include required disclosures regarding fund balances.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.

We recommend the Village consult with their auditors, the Village Handbook, Auditor of State and/or Ohio Municipal League to help ensure accurate financial reporting.

Client Response: The Fiscal Officer will work to provide a sound fiscal environment for the Village and has implemented policies and procedures to help with financial statement presentation.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2012-VOA-001	The Village had numerous audit adjustments to correct misstatements.	No	Repeated as finding 2013-VOA-001
2012-VOA-002	The Village did not properly certify thirty-five percent of transactions tested in 2012.	Yes	N/A



Dave Yost • 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
SEPTEMBER 30, 2014