



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF ADA
HARDIN COUNTY
DECEMBER 31, 2023

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Ada
Hardin County
115 West Buckeye Avenue
P.O. Box 292
Ada, Ohio 45810

To the Members of Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Ada, Hardin County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023, or the changes in financial position thereof for the year then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 16, 2024

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**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Cash receipts:					
Property and other local taxes	\$ 81,278	\$ 15,728			\$ 97,006
Municipal income taxes	2,064,627	206,463	-	-	2,271,090
Intergovernmental	135,142	301,586	-	\$ 500,000	936,728
Special assessments	-	65,102	\$ 142,296	-	207,398
Charges for services	-	90,530	-	-	90,530
Fines, licenses and permits	50,838	-	-	-	50,838
Earnings on investments	523,116	59,191	-	-	582,307
Contributions and donations	-	17,220	-	-	17,220
Miscellaneous	47,590	77,279	-	-	124,869
Total cash receipts	2,902,591	833,099	142,296	500,000	4,377,986
Cash disbursements:					
Current:					
Security of persons and property	887,582	98,529	-	-	986,111
Public health services	20,968	-	-	-	20,968
Leisure time activities	37,873	161,635	-	-	199,508
Community environment	33,374	66,018	-	-	99,392
Transportation	-	497,445	-	-	497,445
General government	511,281	-	-	-	511,281
Other	1,646	46,000	-	-	47,646
Capital outlay	-	-	-	1,679,609	1,679,609
Debt service:					
Principal retirement	-	-	188,292	-	188,292
Interest and fiscal charges	-	-	49,460	-	49,460
Total cash disbursements	1,492,724	869,627	237,752	1,679,609	4,279,712
Excess (deficiency) of receipts over (under) disbursements	1,409,867	(36,529)	(95,456)	(1,179,609)	98,274
Other financing receipts (disbursements):					
Transfers in	-	366,642	258,000	-	624,642
Transfers (out)	(566,642)	(58,000)	-	-	(624,642)
Loan proceeds	-	-	-	471,249	471,249
Total other financing receipts (disbursements)	(566,642)	308,642	258,000	471,249	471,249
Net change in fund cash balances	843,225	272,114	162,544	(708,360)	569,523
Fund cash balances, January 1	3,980,278	2,287,769	199,044	782,949	7,250,040
Fund cash balances, December 31	\$ 4,823,503	\$ 2,559,883	\$ 361,588	\$ 74,589	\$ 7,819,563

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 3,292,222
Fines, licenses and permits	5,536
Miscellaneous	37,442
Total operating cash receipts	3,335,200
Operating cash disbursements:	
Personal services	382,837
Employee fringe benefits	95,383
Contractual services	1,171,309
Materials and supplies	326,177
Other	1,711
Total operating cash disbursements	1,977,417
Operating income	1,357,783
Nonoperating cash receipts (disbursements):	
Principal retirement	(899,970)
Interest and fiscal charges	(134,343)
Intergovernmental	146,600
Total nonoperating cash receipts (disbursements)	(887,713)
Net change in fund cash balances	470,070
Fund cash balances, January 1	7,330,299
Fund cash balances, December 31	\$ 7,800,369

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - REPORTING ENTITY

The Village of Ada, Hardin County, Ohio (the “Village”) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village for four-year terms. The Mayor is elected to a four-year term, and votes only to break a tie. The Village provides general governmental services, water, and sewer utilities, maintenance of Village roads and bridges, pool operations, and police services. The Village contracts with Ada-Liberty Township Fire Department for fire protection services.

Jointly Governed Organizations

The Village participates in two jointly governed organizations which are the Ada-Liberty Joint Ambulance District and the Hardin County Regional Planning Commission. Note 11 to the financial statements provides additional information for these entities.

Public Entity Risk Pools

The Village participates in the Ohio Plan Risk Management Inc. and Ohio Municipal League Group Rating Plan, which are public entity risk pools. Note 10 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

A. Basis of Presentation

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

B. Fund Accounting

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

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

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

Street Fund - The street construction, maintenance and repair fund accounts for and reports the receipt of gasoline tax and motor vehicle tax monies for the purpose of constructing, maintaining and repairing Village roads.

Pool Fund - The pool fund accounts and reports receipts from residents using the Village’s pool.

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Debt Service Funds - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant debt service funds:

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

General Obligation Debt Fund – The general obligation debt fund accounts for transactions pertaining to special assessments and the principal and interest payments of governmental fund debt, as well as the issuance of bonds and refunding bonds.

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

Capital Projects Fund - The capital projects fund accounts for loans and grants for several road and street construction projects.

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

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

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

Fiduciary Funds – Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds. The Village does not have any fiduciary funds.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources - Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

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

A summary of 2023 budgetary activity appears in Note 4.

E. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values U.S. Agency Notes, U.S. Treasury Notes, Commercial Paper, nonnegotiable certificates of deposit, and negotiable certificates of deposit at cost. Money market mutual funds are recorded at share values in the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. All other investments of the Village are valued at cost.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

F. Leases and Subscription Based Information Technology Arrangements

Accruals related to leases (as defined by GASB 87) and Subscription Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) are not reflected under the Village's cash basis of accounting. Lease receipts/disbursements and SBITA disbursements are recognized when they are received/paid. The Village does not have GASB 87 lease or GASB 96 SBITA agreements

G. Capital Assets

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

H. Accumulated Leave

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

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

I. Fund Balance

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

Nonspendable - The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village. The Village classifies these unclaimed monies as nonspendable in the general fund.

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

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 the principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments and financed purchase payments are reported when paid.

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2023
Demand deposits	\$ 1,557,785
Total Deposits	1,557,785
CDARS certificates of deposit	2,764,246
Money market	30,123
U.S. Agency notes	1,872,270
U.S. Treasury notes	349,195
Negotiable certificates of deposit	3,763,004
Commercial paper	1,715,670
STAR Ohio	3,567,639
Total Investments	14,062,147
Total deposits and investments	\$ 15,619,932

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

U.S. Bank serves as custodian for money market, U.S. Agency Notes, U.S. Treasury Notes, certificates of deposit and commercial paper investments and are held in the name of the Village.

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

NOTE 4 - BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,469,653	\$2,902,591	\$432,938
Special Revenue	1,046,750	1,199,741	152,991
Debt Service	310,000	400,296	90,296
Capital Projects	1,250,000	971,249	(278,751)
Enterprise	3,536,900	3,481,800	(55,100)
Total	\$8,613,303	\$8,955,677	\$342,374

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**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - BUDGETARY ACTIVITY – (Continued)

2023 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,322,070	\$2,059,366	\$262,704
Special Revenue	1,726,413	970,127	756,286
Debt Service	239,650	237,752	1,898
Capital Projects	1,848,860	1,687,976	160,884
Enterprise	3,399,603	3,119,851	279,752
Total	\$9,536,596	\$8,075,072	\$1,461,524

NOTE 5 - PROPERTY TAXES

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

NOTE 6 - LOCAL INCOME TAXES

The Village levies a municipal income tax of 1.65% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. The municipal income tax is used to provide funds for the purpose of general Municipal functions at the rate of (1.00%) percent, for police officers' wages, benefits, uniforms and equipment at a rate of five tenths (0.5%) percent and for the purpose of swimming pool repairs, maintenance, operations and improvements at the rate of an additional fifteen hundredths (0.15%) percent.

The Villages utilizes a third party (R.I.T.A) to collect income taxes on behalf of the Village. Employers within the Village withhold income tax on employee compensation and remit the tax to R.I.T.A either monthly or quarterly, as required. R.I.T.A remits these collections to the Village on a monthly basis, less a fee for collection services. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

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**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 7 - DEBT

Debt outstanding at December 31, 2023 was as follows:

<u>Description</u>	<u>Balance at 12/31/2023</u>	<u>Interest Rate</u>
OPWC Loan # CP16T	\$ 102,506	0.00%
OPWC Loan # CP36S	126,945	0.00%
OPWC Loan # CT42Q	281,572	0.00%
OPWC Loan # CT89M	44,612	0.00%
OPWC Loan # CP24T	430,472	0.00%
OPWC Loan # CP31U	331,513	0.00%
OPWC Loan # CT67V	525,232	0.00%
OPWC Loan #CT66Z	471,249	0.00%
OWDA Loan #6826	9,344,500	1.00%
Various Purpose Improvement and Refunding Bonds, Series 2020	2,625,000	2.90%
Total	<u>\$ 14,283,601</u>	

The Ohio Public Works Commission (OPWC) loan #CPI6T relates to the North Simon Storm Sewer project. The loan amount is for \$133,703 and will be paid back in a 30-year span. There is no interest on the loan. Storm Sewer receipts collateralize the loan and loan payments are paid out of the storm sewer debt fund.

The Ohio Public Works Commission (OPWC) loan #CP36S relates to the Elevated Water Tower Improvements. The loan amount is for \$195,300 and will be paid back in a 20-year span. There is no interest on the loan. Water receipts collateralize the loan and loan payments are paid out of the water debt retirement fund.

The Ohio Public Works Commission (OPWC) loan #CT42Q relates to the East Lima Avenue Project. The loan amount is for \$383,963 and will be paid back in a 30-year span. There is no interest on the loan. Storm Sewer receipts collateralize the loan and loan payments are paid out of the general obligation debt fund.

The Ohio Public Works Commission (OPWC) loan #CT89M relates to the East Lincoln Street Project. The loan amount is for \$85,791 and will be paid back over a 25-year span. There is no interest on the loan. Special assessments and general fund transfers collateralize the loan and loan payments are paid out of the general obligation debt fund.

The Ohio Public Works Commission (OPWC) loan #CP24T relates to the West-Side Storm Sewer Project Phase 1. The loan amount is for \$496,698 and will be paid back in a 30-year span. There is no interest on the loan. Special assessments and general fund transfers collateralize the loan and loan payments are paid out of the storm sewer debt fund.

The Ohio Public Works Commission (OPWC) loan #CP31U loan relates to the West-Side Storm Sewer Collection System Phase II. The loan amount is for \$390,015 and will be paid back in a 30-year span. There is no interest on the loan. Storm sewer receipts collateralize the loan and loan payments are paid out of the storm sewer debt fund.

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 7 – DEBT – (Continued)

The Ohio Public Works Commission (OWPC) loan #CT67V loan relates to the Willeke Avenue Reconstruction Phase II. The loan amount is for \$594,603 and will be paid back in a 30-year span. There is no interest on the loan. Special assessments, sewer, storm sewer and water receipts collateralize the loan and the loan payments are paid out of the general obligation debt fund, the sewer debt retirement fund, the storm sewer debt fund and the water debt retirement fund.

The Ohio Public Works Commission (OWPC) loan #CT66Z loan relates to the Grandview Boulevard Reconstruction. The loan amount is for \$471,249. The loan is not yet closed out and therefore an amortization schedule is not available.

The Ohio Water Development Authority (OWDA) loan #6826 relates to a sewer system reconstruction project. The loan amount is for \$14,416,814 and will be paid back over a 20-year span. The loan holds an interest rate of 1.0%. Sewer receipts collateralize the loan and loan payments are paid out of the sewer debt retirement fund.

On October 28, 2020, the Village issued Various Purpose Improvement and Refunding Bonds, Series 2020 to pay off the balance of the four Liberty National Bank loans outstanding (\$1,579,394) and the Various Purpose Improvement and Refunding Bonds, Series 2013 (\$2,025,000). The bond issue was for \$3,510,000 and will be paid back over a 13-year span at an interest rate of 2.90%. The bonds are collateralized by special assessments, pool, sewer, storm sewer and water receipts and will be paid out of the general obligation debt service, sewer debt retirement, storm sewer debt, and the water debt retirement funds.

Amortization

Amortization of the Village’s debt, including interest, is scheduled as follows:

Year Ending December 31,	OPWC Loan CP16T	OPWC Loan CP36S	OPWC Loan CT42Q	OPWC Loan CT89M	OPWC Loan CP24T
2024	\$ 4,457	\$ 9,765	\$ 12,799	\$ 3,432	\$ 16,557
2025	4,457	9,765	12,799	3,432	16,557
2026	4,457	9,765	12,799	3,432	16,557
2027	4,457	9,765	12,799	3,432	16,557
2028	4,457	9,765	12,799	3,432	16,557
2029-2033	22,284	48,825	63,994	17,158	82,782
2034-2038	22,284	29,295	63,993	10,294	82,783
2039-2043	22,284	-	63,994	-	82,783
2044-2048	13,369	-	25,596	-	82,783
2049-2050	-	-	-	-	16,556
Total	<u>\$ 102,506</u>	<u>\$ 126,945</u>	<u>\$ 281,572</u>	<u>\$ 44,612</u>	<u>\$ 430,472</u>

Year Ending December 31,	OPWC Loan CP31U	OPWC Loan CT67V	OWDA Loan 6826	Improvement & Refund Bonds Series 2020
2024	\$ 13,001	\$ 19,820	\$ 797,121	\$ 391,125
2025	13,000	19,820	797,121	331,990
2026	13,001	19,820	797,121	334,305
2027	13,000	19,820	797,121	331,330
2028	13,001	19,820	797,121	328,210
2029-2033	65,003	99,100	3,985,603	1,300,845
2034-2038	65,002	99,100	1,992,839	-
2039-2043	65,003	99,100	-	-
2044-2048	65,002	99,100	-	-
2049-2050	6,500	29,732	-	-
Total	<u>\$ 331,513</u>	<u>\$ 525,232</u>	<u>\$ 9,964,047</u>	<u>\$ 3,017,805</u>

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Pension Fund

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officers' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

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

Four of the Village's elected officials contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

NOTE 9 - POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 10 - PUBLIC ENTITY RISK POOLS

A. Ohio Plan Risk Management, Inc.

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022 (the latest information available).

Assets	\$21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$3,503,940</u>

The complete audited financial statements for OPRM are available at the Plan's website, www.ohioplan.org.

B. Ohio Municipal League Group Rating Plan

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

NOTE 11 - 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 with the District and by contract to areas outside the District. Financial information can be obtained from Nancy Kindle, Fiscal Officer, 530 North Gilbert Street, Ada, Ohio 45810.

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - 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 with the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty-seven members, any of which may hold any other public office. The Village is represented by one member. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute an assessment per capita, according to the latest federal census, in any calendar year in which the revenue is needed. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326.

NOTE 12 - CONTINGENT LIABILITIES

A. Litigation

The Village is not involved in litigation that, in the opinion of management, is expected to have a material adverse effect on the Village’s financial condition.

B. Grants

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

NOTE 13 - RELATED PARTY TRANSACTIONS

Linda Mason, a Village Council member, has a direct family member who is an employee for All-Phase from whom the Village purchases electric operating supplies throughout the year. The Village paid \$4,285 for those products during 2023.

NOTE 14 - FUND BALANCES

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Nonspendable:					
Unclaimed Monies	\$ 5,810	\$ -	\$ -	\$ -	\$ 5,810
Outstanding Encumbrances	-	42,500	-	8,367	50,867
Total	<u>\$ 5,810</u>	<u>\$ 42,500</u>	<u>\$ -</u>	<u>\$ 8,367</u>	<u>\$ 56,677</u>

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

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2023, the Village has implemented GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, GASB Statement No. 96, “Subscription Based Information Technology Arrangements”, certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, “Omnibus 2022”.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the Village.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the Village.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the Village.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Village.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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 West Buckeye Avenue
P.O. Box 292
Ada, Ohio 45810

To the Members of Council:

We have audited, in accordance the with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023 and the related notes to the financial statements of the Village of Ada, Hardin County, (the Village) and have issued our report thereon dated May 16, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

May 16, 2024

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ADA

HARDIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/4/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov