

**VILLAGE OF ADA**

**REGULAR AUDIT**

January 1, 1998 - December 31, 1999



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Village of Ada  
Hardin County  
115 West Buckeye Street  
Ada, Ohio 45810-1299

We have reviewed the Independent Auditor's Report of the Village of Ada, Hardin County, prepared by Reichert & Associates, Inc., for the audit period January 1, 1998 through December 31, 1999. 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, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

October 6, 2000

VILLAGE OF ADA  
HARDIN COUNTY

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**REICHERT & ASSOCIATES, CPA'S**

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**Independent Auditor's Report**

Village of Ada  
Hardin County  
100 West Buckeye Street  
Ada, Ohio 45810-1299

To the Members of the Village Council

We have audited the accompanying financial statements of the Village of Ada, Hardin County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Ada, Hardin County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1-B.

In accordance with Government Auditing Standards, we have also issued our report dated September 1, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

September 1, 2000  
Findlay, Ohio

**REICHERT & ASSOCIATES, CPA'S**  
Certified Public Accountants

**VILLAGE OF ADA  
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1999

	General	Special Revenue	Debt Service	Expendable Trust	Total (Memorandum Only)
<b>Cash receipts:</b>					
Local taxes	\$642,109	\$12,459	\$79,419	\$0	\$733,987
Intergovernmental	165,684	101,295	0	0	266,979
Charges for services	59,444	54,287	0	0	113,731
Fines, licenses, and permits	30,452	0	0	0	30,452
Interest	62,634	0			62,634
Miscellaneous	50,698	97	0	663	51,458
	<hr/>				
Total cash receipts	1,011,021	168,138	79,419	663	1,259,241
	<hr/>				
<b>Cash disbursements:</b>					
Current:					
Security of persons and property	471,401	0	0	0	471,401
Public health services	10,386	0	0	0	10,386
Leisure time activities	2,743	72,425	0	0	75,168
Community environment	18,063	0	0	0	18,063
Basic utility services	860	0	0	0	860
Transportation	285,331	56,381	0	0	341,712
General government	166,253	0	0	0	166,253
Debt Service:					
Redemption of principal	0	0	55,000	0	55,000
Interest	0	0	19,526	0	19,526
	<hr/>				
Total program disbursements	955,037	128,806	74,526	0	1,158,369
	<hr/>				
Total receipts over/(under) program disbursements	55,984	39,332	4,893	663	100,872
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Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	55,984	39,332	4,893	348	100,557
	<hr/>				
Fund cash balances January 1, 1999	335,388	80,647	14,508	1,183	431,726
	<hr/>				
Fund cash balances, December 31, 1999	\$391,372	\$119,979	\$19,401	\$1,531	\$532,283
	<hr/>				
Reserve for encumbrances, December 31, 1999	\$10,747	\$130	\$0	\$0	\$10,877
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The notes to the financial statements are an integral part of this statement.

**VILLAGE OF ADA  
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES  
AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1999

	Enterprise	Internal Service	Agency	Total (Memorandum Only)
<b>Operating cash receipts:</b>				
Charges for services	\$1,215,199	\$154,717	\$0	\$1,369,916
Miscellaneous	3,719	2,743	4,000	10,462
Total operating cash receipts	<u>1,218,918</u>	<u>157,461</u>	<u>4,000</u>	<u>1,380,379</u>
<b>Operating cash disbursements:</b>				
Personal services	329,398	0	0	329,398
Travel transportation	8,082	0	0	8,082
Contractual services	230,889	163,379	0	394,268
Supplies and materials	255,656	0	1,146	256,802
Capital outlay	27,842	0	0	27,842
Total operating cash disbursements	<u>851,867</u>	<u>163,379</u>	<u>1,146</u>	<u>1,016,392</u>
Operating income/(loss)	<u>367,051</u>	<u>(5,919)</u>	<u>2,854</u>	<u>363,986</u>
<b>Non-operating cash disbursements:</b>				
Debt service	<u>296,749</u>	<u>0</u>	<u>0</u>	<u>296,749</u>
Net receipts over disbursements	70,302	(5,919)	2,854	67,237
Fund cash balances, January 1, 1999	<u>972,641</u>	<u>80,168</u>	<u>9,076</u>	<u>1,061,885</u>
Fund cash balances, December 31, 1999	<u>\$1,042,943</u>	<u>\$74,249</u>	<u>\$11,930</u>	<u>\$1,129,122</u>
Reserve for encumbrances, December 31, 1999	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF ADA  
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1998

	General	Special Revenue	Debt Service	Expendable Trust	Total (Memorandum Only)
<b>Cash receipts:</b>					
Local taxes	\$641,716	\$0	\$91,610	\$0	\$733,326
Intergovernmental	136,361	95,698	0	0	232,059
Charges for services	43,522	47,419	0	0	90,941
Fines, licenses, and permits	33,030	0	0	0	33,030
Interest	61,794	0	0	0	61,794
Miscellaneous	112,190	1,089	0	100	113,379
Total cash receipts	<u>1,028,613</u>	<u>144,206</u>	<u>91,610</u>	<u>100</u>	<u>1,264,529</u>
<b>Cash disbursements:</b>					
Current:					
Security of persons and property	430,915	362	0	0	431,277
Public health services	9,775	0	0	0	9,775
Leisure time activities	562	66,908	0	0	67,470
Community environment	20,181	0	0	0	20,181
Basic utility services	250	0	0	0	250
Transportation	219,099	110,889	0	0	329,988
General government	222,939	0	0	0	222,939
Debt Service:					
Redemption of principal	0	0	55,000	0	55,000
Interest	0	0	22,102	0	22,102
Total program disbursements	<u>903,721</u>	<u>178,159</u>	<u>77,102</u>	<u>0</u>	<u>1,158,982</u>
Total receipts over/(under) program disbursements	<u>124,892</u>	<u>(33,953)</u>	<u>14,508</u>	<u>100</u>	<u>105,547</u>
<b>Other financing receipts/(disbursements):</b>					
Proceeds from sale of public debt					
Transfers-in	0	362	0	0	362
Transfers-out	(2,153)	0	0	0	(2,153)
Total other financing receipts/(disbursements)	<u>(2,153)</u>	<u>362</u>	<u>0</u>	<u>0</u>	<u>(1,791)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	122,739	(33,591)	14,508	100	103,756
Fund cash balances January 1, 1998	<u>212,649</u>	<u>114,238</u>	<u>0</u>	<u>1,083</u>	<u>327,970</u>
Fund cash balances, December 31, 1998	<u>\$335,388</u>	<u>\$80,647</u>	<u>\$14,508</u>	<u>\$1,183</u>	<u>\$431,726</u>
Reserve for encumbrances, December 31, 1998	<u>\$1,995</u>	<u>\$675</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,670</u>

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

**VILLAGE OF ADA  
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES  
AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1998

	Enterprise	Internal Service	Agency	Total (Memorandum Only)
<b>Operating cash receipts:</b>				
Charges for services	\$1,143,750	\$119,646	\$0	\$1,263,396
Miscellaneous	19,084	0	1,146	20,230
Total operating cash receipts	<u>1,162,834</u>	<u>119,646</u>	<u>1,146</u>	<u>1,283,626</u>
<b>Operating cash disbursements:</b>				
Personal services	292,048	0	0	292,048
Travel transportation	4,960	0	0	4,960
Contractual services	311,761	134,036	0	445,797
Supplies and materials	131,055	0	0	131,055
Capital outlay	309,527	0	0	309,527
Total operating cash disbursements	<u>1,049,351</u>	<u>134,036</u>	<u>0</u>	<u>1,183,387</u>
Operating income/(loss)	<u>113,483</u>	<u>(14,390)</u>	<u>1,146</u>	<u>100,239</u>
<b>Non-operating cash receipts:</b>				
Intergovernmental revenues	150,193	0	0	150,193
Total non-operating cash receipts	<u>150,193</u>	<u>0</u>	<u>0</u>	<u>150,193</u>
<b>Non-operating cash disbursements:</b>				
Debt service	290,152	0	0	290,152
Other non-operating cash disbursements	3,510	0	0	3,510
Total non-operating cash disbursements	<u>293,662</u>	<u>0</u>	<u>0</u>	<u>293,662</u>
Excess of receipts over disbursements before interfund transfers and advances	(29,986)	(14,390)	1,146	(43,230)
Transfers-in	1,791	0	0	1,791
Net receipts over disbursements	(28,195)	(14,390)	1,146	(41,439)
Fund cash balances, January 1, 1998	<u>1,000,836</u>	<u>94,558</u>	<u>7,930</u>	<u>1,103,324</u>
Fund cash balances, December 31, 1998	<u>\$972,641</u>	<u>\$80,168</u>	<u>\$9,076</u>	<u>\$1,061,885</u>
Reserve for encumbrances, December 31, 1998	<u>\$22,318</u>	<u>\$0</u>	<u>\$0</u>	<u>\$22,318</u>

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



**VILLAGE OF ADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 1999 and 1998**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The Village of Ada, Hardin County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water, sewer, and electric utilities, park operations (leisure time activities), and police services.

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

**B. BASIS OF ACCOUNTING**

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

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

**C. CASH AND INVESTMENTS**

Certificates of deposit are valued at cost. Investments are restricted by provisions of the Ohio Revised Code. Under Ohio Revised Code Chapter 135, the village may invest in obligations of the U.S. Treasury, agencies, and instrumentalities; bonds, notes, debentures, or other obligations or securities issued by any federal government agency, repurchase agreements, and the State Treasurer's pool.

**D. FUND ACCOUNTING**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

Governmental Funds

General Fund - The general fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

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

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

**VILLAGE OF ADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 1999 and 1998**

Swimming Pool Fund - This fund receives income taxes and collects charges for services from users to cover the renovation and operational costs.

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

Sewer Capital Improvement Fund - Receives proceeds of an Issue II grant. The proceeds are being used to improve the sanitary sewer building.

Debt Service Funds - The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

Proprietary Funds

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

Water Fund - Receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - Receives charges for services from residents to cover the cost of providing this utility.

Water Project Fund - Receives debt proceeds and State grants to pay for the cost to complete a water treatment plant.

Internal Service Funds - These funds account for operations that provide services to other departments or agencies of the government. The Village had the following significant internal service fund:

Health Insurance Fund - Uses to account for employee health benefits.

Fiduciary Funds (Trust and Agency Funds) - Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds.

Unclaimed Monies Fund - This fund is used to account for unredeemed checks belonging to others.

Fire Damage Insurance Fund - Based on a 1971 ordinance, this fund is used to account for the proceeds of insurance claims to pay for the repairs required.

**VILLAGE OF ADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 1999 and 1998**

**E. 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 must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources:

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

Encumbrances:

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

A summary of 1999 and 1998 budgetary activities appears in Note 3.

**F. PROPERTY, PLANT, AND EQUIPMENT**

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

**G. UNPAID VACATION AND SICK LEAVE**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 694,089	\$ 542,030
Star Ohio	654,060	297,849
Certificates of deposit	<u>313,256</u>	<u>653,732</u>
Total deposits and investments	<u>\$ 1,661,405</u>	<u>\$ 1,493,611</u>

**VILLAGE OF ADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 1999 and 1998**

**A. Deposits**

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**B. Investments**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 983,355	\$ 1,011,121	\$ 27,766
Special Revenue	197,400	168,138	(29,262)
Debt Service	77,200	79,419	2,219
Capital Projects	1,430,000	0	(1,430,000)
Enterprise	1,140,178	1,218,918	78,740
Internal Service	130,000	157,461	27,461
Expendable Trust	500	663	163
Total	\$ 3,958,633	\$ 2,635,720	\$ (1,322,913)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,040,183	\$ 965,784	\$ 74,399
Special Revenue	221,541	128,936	92,605
Debt Service	77,200	74,526	(2,674)
Capital Project	1,430,000	0	1,430,000
Enterprise	1,433,085	1,148,616	284,469
Internal Service	163,379	163,379	0
Expendable Trust	1,183	315	868
Total	\$ 4,366,571	\$ 2,481,556	\$ 1,879,667

**VILLAGE OF ADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 1999 and 1998**

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 865,747	\$ 1,028,613	\$ 162,866
Special Revenue	307,437	144,568	(162,869)
Debt Service	0	91,610	91,610
Capital Projects	1,398,250	0	(1,398,250)
Enterprise	1,208,995	1,314,818	105,823
Internal Service	130,000	119,646	(10,354)
Expendable Trust	0	100	100
Total	<u>\$ 3,910,429</u>	<u>\$ 2,699,355</u>	<u>\$ (1,211,074)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,074,615	\$ 907,869	\$ 166,746
Special Revenue	326,251	178,834	147,417
Debt Service	80,086	77,102	2,984
Capital Projects	1,398,250	0	1,398,250
Enterprise	1,680,378	1,365,331	315,047
Internal Service	0	134,036	(134,036)
Expendable Trust	1,084	0	1,084
Total	<u>\$ 4,560,664</u>	<u>\$ 2,663,172</u>	<u>\$ 1,897,492</u>

**4. COMPLIANCE**

In some instances the Village Clerk did not certify the availability of funds prior to the commitment being incurred, as required by Ohio Revised Code §5705.41(D).

Expenditures exceeded appropriations in the Self Insurance Fund by \$134,036 in 1998, contrary to Ohio Revised Code §5705.41(B).

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation.

Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

**VILLAGE OF ADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 1999 and 1998**

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**6. DEBT**

Debt outstanding at December 31, 1999 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$ 1,007,854	2.20%
Ohio Water Development Authority Loan	934,232	7.89%
Ohio Water Development Authority Loan	60,000	0.00%
Ohio Waterworks System Improvement Bonds	665,000	3.25-6%
Swimming Pool Improvement Bonds	<u>385,000</u>	4.45%
Total	<u>\$ 3,052,086</u>	

The Ohio Water Development Authority (OWDA) loans relate to a wastewater treatment projects that were mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$1,122,854 in loans to the Village for the first project and \$1,258,939 for the second project. The loans will be repaid in semiannual installments of \$34,850, and \$60,153 including interest, over 20 years.

General Obligation Bonds were issued in 1993 for water system improvement and a refunding of previous bonded debt. These bonds are being repaid annually over a twenty year period.

General Obligation Bonds were issued in 1996 to pay for swimming pool investments.

Amortization of the above debt is scheduled as follows:

<u>Year ending December 31:</u>	<u>OWDA Loans</u>	<u>Waterworks Improvement Bonds</u>	<u>Swimming Pool Improvement Bonds</u>
2000	\$ 197,507	\$ 97,575	\$ 72,133
2001	197,507	94,665	69,685
2002	197,507	91,665	67,238
2003	197,507	98,575	64,790
2004	197,507	59,900	62,343
Subsequent	1,796,050	488,600	117,341
Less Interest	(781,499)	(265,980)	(68,530)
Total	<u>\$ 2,002,086</u>	<u>\$ 665,000</u>	<u>\$ 385,000</u>

**VILLAGE OF ADA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 1999 and 1998**

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution Rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of the PFDPF contributed 10 percent of their wages to the PFDPF. The Village contributed an amount equal to 19.5 percent of their wages. PERS members contributed 8.5 percent of their gross salaries. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**8. RISK MANAGEMENT**

The Village is a member of Public Entities Pool of Ohio and provides the following risks:

- Municipal General Liability
- Public Officials Liability
- Police Professional Liability
- Municipal Automobile
- Municipal Property Coverage
- Boiler and Machinery Coverage

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

**9. PRIOR PERIOD ENTRIES AND FUND TYPE RECLASSIFICATION**

The Village has recorded the following prior period entries.

	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	<u>Internal Service</u>	<u>Agency</u>
Fund Balance 12-31-97	\$ 166,255	\$194,145	\$7,930	\$62,128	\$ -
Reclassifications	-	-	(7,930)	-	7,930
Prior Period Entries	<u>46,394</u>	<u>(79,907)</u>	<u>1,083</u>	<u>32,430</u>	<u>-</u>
Fund Balance 1-1-98	<u>\$212,649</u>	<u>\$114,238</u>	<u>\$1,083</u>	<u>\$94,558</u>	<u>\$7,930</u>

Reclassifications were due to the village reclassifying Unclaimed Monies Fund and Fire Damage Fund from Expendable Trust to Agency Funds. The prior period entries were necessary because the cash balances in the respective funds were not adjusted to the prior audit balances.

# REICHERT & ASSOCIATES, CPA'S

206 West Hardin Street

Findlay, Ohio 45840

419-422-6131

## **Report of Independent Accountants on Compliance and on Internal Control Required by Government Auditing Standards**

Village of Ada  
115 West Buckeye Street  
Ada, Ohio 45810-1299

To the Members of the Village Council

We have audited the financial statements of the Village of Ada, Hardin County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated September 1, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*. This is described in the accompanying Schedule of Findings as item 1999-1 and 1999-2. Also we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 1, 2000.

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

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted instances involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 1999-3 and 1999-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.



Village of Ada  
Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

We also noted certain immaterial instances involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated September 1, 2000.

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

September 1, 2000  
Findlay, Ohio

**REICHERT & ASSOCIATES, CPA'S**  
Certified Public Accountants

**VILLAGE OF ADA  
HARDIN COUNTY, OHIO**

SCHEDULE OF FINDINGS  
DECEMBER 31, 1998 AND 1999

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>1999-1</b>
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**Noncompliance**

Ohio Revised Code §5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has lawfully appropriated and is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certificates are to be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrance, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipts of such certificate, if such expenditure is otherwise valid.
  
- B. Amounts less than one thousand dollars, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Many of the tested disbursements did not receive prior certification of the Clerk/Treasurer.

<b>Finding Number</b>	<b>1999-2</b>
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**Noncompliance**

Ohio Revised Code §5705.41(B) states no subdivision or taxing unit is to expend money unless it has been lawfully appropriated. Expenditures exceeded appropriations in the Self-Insurance Fund in 1998 by \$134,036.

<b>Finding Number</b>	<b>1999-3</b>
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**Internal Control - Reportable Condition**

Prior Certification of funds

Many of the transactions tested did not include certification of the Clerk/Treasurer prior to the commitment being incurred. This procedure is not only required by Ohio law but is also key control in the disbursement process to assure that purchase commitments received prior approval, and to help reduce the possibility of the Village funds being over expended or exceeding budgetary spending limitations as set by the Council.

To improve controls over disbursements it is recommended that all Village disbursements receive prior certification of the Clerk/Treasurer and that the Village Finance Committee periodically review the expenditures made to ensure they are within the appropriations adopted by the Council, certified by the Clerk/Treasurer and recorded against appropriations.

<b>Finding Number</b>	<b>1999-4</b>
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**Internal Control - Reportable Condition**

Financial Monitoring

The Village books were not in balance during the audit period. Extra time was necessary to obtain the correct balances for various revenue, expense and cash balances. Council should review the books and records of the Village to ensure they are reconciled and in balance with the bank.

VILLAGE OF ADA  
HARDIN COUNTY, OHIO

**STATUS OF PRIOR AUDIT'S  
FINDINGS, CITATIONS, AND RECOMMENDATIONS**

<u>Material Weakness</u>	<u>Status</u>	<u>Explanation if not fully Implemented</u>
<u>Certificate of Fiscal Officer</u>	Not Corrected	Village is working to correct
<u>Fund Separation of Monies</u>	Corrected	
<u>Appropriation of Money</u>	Not Corrected	Village is working to correct
<u>Prior Certification of Funds</u>	Not Corrected	Village is working to correct
<u>Issue II</u>	Corrected	
<u>Financial Monitoring</u>	Not Corrected	Village is working to correct



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

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**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**  
**OCTOBER 24, 2000**