

VILLAGE OF ADA
HARDIN COUNTY, OHIO

Financial Statements
(Audited)

For the Year Ended
December 31, 2019



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

We have reviewed the *Independent Auditor's Report* of the Village of Ada, Hardin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2019 through December 31, 2019. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 17, 2020

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**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

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Independent Auditor's Report

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

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Ada, Hardin County, Ohio, as of and for the year ended December 31, 2019.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Ada as of December 31, 2019, and the respective changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Ada, Hardin County, Ohio, as of December 31, 2019, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matters

As discussed in Note 12 to the financial statements, during 2019, the Village of Ada adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village of Ada. We did not modify our opinion regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2020, on our consideration of the Village of Ada's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Ada's internal control over financial reporting and compliance.



Julian & Grube, Inc.
August 26, 2020

**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, 2019

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Property and Other Local Taxes	\$ 69,675	\$ 15,543	\$ -	\$ -	\$ 85,218
Municipal Income Tax	1,781,129	177,738	-	-	1,958,867
Intergovernmental	75,436	191,449	-	499,999	766,884
Special Assessments	62,045	28,360	-	-	90,405
Charges for Services	-	82,347	-	-	82,347
Fines, Licenses and Permits	59,082	-	-	-	59,082
Earnings on Investments	162,609	17,785	-	-	180,394
Miscellaneous	76,629	39,826	-	-	116,455
Total cash receipts	<u>2,286,605</u>	<u>553,048</u>	<u>-</u>	<u>499,999</u>	<u>3,339,652</u>
Cash disbursements:					
Current:					
Security of Persons and Property	699,546	-	-	-	699,546
Public Health Services	17,706	-	-	-	17,706
Leisure Time Activities	19,818	142,594	-	-	162,412
Community Environment	23,142	-	-	-	23,142
Transportation	-	563,303	-	-	563,303
General Government	362,703	867	-	-	363,570
Capital Outlay	24,058	-	-	1,509,915	1,533,973
Debt Service:					
Principal Retirement	77,665	59,000	36,930	-	173,595
Interest and Fiscal Charges	28,131	29,788	18,929	-	76,848
Total cash disbursements	<u>1,252,769</u>	<u>795,552</u>	<u>55,859</u>	<u>1,509,915</u>	<u>3,614,095</u>
Excess of receipts over (under) disbursements	<u>1,033,836</u>	<u>(242,504)</u>	<u>(55,859)</u>	<u>(1,009,916)</u>	<u>(274,443)</u>
Other Financing Receipts (Disbursements):					
Loan Proceeds	-	-	-	581,789	581,789
Transfers In	3,166	459,903	-	350,000	813,069
Transfers Out	(809,903)	(3,166)	-	-	(813,069)
Total Other Financing Receipts (Disbursements)	<u>(806,737)</u>	<u>456,737</u>	<u>-</u>	<u>931,789</u>	<u>581,789</u>
Net change in fund cash balances	227,099	214,233	(55,859)	(78,127)	307,346
Fund cash balances, January 1, 2019 - restated	<u>2,326,816</u>	<u>1,166,867</u>	<u>58,192</u>	<u>784,524</u>	<u>4,336,399</u>
Fund cash balances:					
Nonspendable	18,456	-	-	-	18,456
Restricted	-	1,381,100	2,333	706,397	2,089,830
Committed	-	-	-	-	-
Assigned	21,579	-	-	-	21,579
Unassigned (Deficit)	2,513,880	-	-	-	2,513,880
Fund cash balances, December 31, 2019	<u>\$ 2,553,915</u>	<u>\$ 1,381,100</u>	<u>\$ 2,333</u>	<u>\$ 706,397</u>	<u>\$ 4,643,745</u>

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

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Custodial	
Operating cash receipts:			
Charges for Services	\$ 3,122,560	\$ -	\$ 3,122,560
Fines, Licenses and Permits	5,915	-	5,915
Miscellaneous	22,791	-	22,791
Total operating cash receipts	<u>3,151,266</u>	<u>-</u>	<u>3,151,266</u>
Operating cash disbursements:			
Personal Services	447,304	-	447,304
Employee Fringe Benefits	104,754	-	104,754
Contractual Services	756,204	-	756,204
Supplies and Materials	339,799	-	339,799
Total operating cash disbursements	<u>1,648,061</u>	<u>-</u>	<u>1,648,061</u>
Operating income (loss)	<u>1,503,205</u>	<u>-</u>	<u>1,503,205</u>
Nonoperating cash receipts/(disbursements):			
Loan Proceeds	457,821	-	457,821
Intergovernmental	330,000	-	330,000
Capital Outlay	(800,417)	-	(800,417)
Miscellaneous	32,596	-	32,596
Debt service:			
Principal	(937,980)	-	(937,980)
Interest	(172,633)	-	(172,633)
Total nonoperating cash receipts/(disbursements)	<u>(1,090,613)</u>	<u>-</u>	<u>(1,090,613)</u>
Income (Loss) before Transfers	412,592	-	412,592
Transfers In	105,000	-	105,000
Transfers Out	(105,000)	-	(105,000)
Net change in fund cash balances	412,592	-	412,592
Fund cash balances, January 1, 2019 - restated	<u>4,671,168</u>	<u>1,984</u>	<u>4,673,152</u>
Fund cash balances, December 31, 2019	<u>\$ 5,083,760</u>	<u>\$ 1,984</u>	<u>\$ 5,085,744</u>

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

Village of Ada
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 13 to the financial statements provides additional information for these entities.

Public Entity Risk Pool

The Village participates in the Public Entities Pool (PEP) and the Ohio Municipal League Group Rating Plan, which are public entity risk pools. Note 6 and Note 14 to the financial statements provides additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Village of Ada
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Street Fund The street construction, maintenance and repair fund accounts for and reports the receipt of property tax money and 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.

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

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

Debt Service Fund This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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.

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.

Sewer Debt Retirement Fund The Sewer Debt Retirement Fund accounts for the principal and interest payments of Sewer debts.

Fiduciary Funds Fiduciary funds include private-purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village’s own programs. The Village did not have private-purpose trust funds. Custodial funds are used to report fiduciary activity that is not required to be reported in a trust fund. The Village’s custodial fund accounts for fire loss insurance payments.

Basis of Accounting

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

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

Village of Ada
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

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

Capital Assets

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

Accumulated Leave

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

Village of Ada
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

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. The Village classifies 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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Council or a Village official delegated that authority by resolution, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

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.

Village of Ada
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,244,520	\$ 2,289,771	\$ 45,251
Special Revenue	1,292,446	1,012,951	(279,495)
Debt Service	76,412	-	(76,412)
Capital Projects	2,262,265	1,431,788	(830,477)
Enterprise	4,091,206	4,076,683	(14,523)

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,876,964	\$ 2,084,251	\$ 792,713
Special Revenue	1,422,331	845,610	576,721
Debt Service	76,412	55,859	20,553
Capital Projects	2,693,960	2,212,911	481,049
Enterprise	4,208,185	3,773,870	434,315

Note 4 – Deposits

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

	2019
Demand deposits	\$ 1,552,399
Certificates of deposit	8,177,090
Total deposits	9,729,489

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; 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.

Village of Ada
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Taxes

Property Taxes

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

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

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 Villages utilizes a third party (CCA) to collect income taxes on behalf of the Village. Employers within the Village withhold income tax on employee compensation and remit the tax to CCA either monthly or quarterly, as required. CCA 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.

Note 6 – Risk Management

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

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

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

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	14,705,917

Village of Ada
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – 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, 2019.

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, 2019.

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.

Two 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, 2019.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of Ada
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

<u>Description</u>	<u>Balance at 12/31/2019</u>	<u>Interest Rate</u>
OPWC Loan # CP16T	120,333	0.00%
OPWC Loan # CP36S	166,005	0.00%
OPWC Loan # CT42Q	332,768	0.00%
OPWC Loan # CT89M	58,338	0.00%
OPWC Loan # CP24T	496,698	0.00%
OPWC Loan # CP31U	383,515	0.00%
OPWC Loan # CT67V (not finalized)	142,743	0.00%
OWDA Loan #3334	211,408	2.20%
OWDA Loan #6826	11,983,888	1.00%
Various Purpose Improvement and Refunding Bonds, Series 2013	2,025,000	1.15%-4.375%
Liberty National Bank - Pool	504,670	3.50%
Liberty National Bank - Willeke Phase I (not finalized)	371,133	3.74%
Liberty National Bank - Ream Phase II (not finalized)	399,758	3.99%
Liberty National Bank - Municipal Building	367,918	3.99%
Total	<u>\$ 17,564,175</u>	

The Village borrowed \$541,600 from Liberty National Bank for the renovation of the pool. The loan will be paid back in five years and holds an interest rate of 3.5%. At which time, the loan will be converted to a bond. Pool income tax receipts collateralize the loan and loan payments are paid out of the Debt Service fund.

The Village borrowed \$367,918 from Liberty National Bank for the renovation of the municipal building. The loan will be paid back in five years and holds an interest rate of 3.99%. At which time, the loan will be converted to a bond. General fund receipts collateralize the loan and loan payments are paid out of the General fund.

The Ohio Water Development (OWDA) loan #3334 relates to a sewer system expansion project. The loan amount is for \$1,749,952 which will be paid back over a 20 year span. The loan holds an interest rate of 2.2%. Sewer receipts collateralize the loan and loan payments are paid out of the Sewer Debt Retirement fund.

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.

Village of Ada
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt (continued)

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. Storm Sewer receipts collateralize the loan and loan payments are paid out of the Storm Sewer 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, Water, Sewer Debt Retirement, and Storm Sewer funds.

The Ohio Public Works Commission (OPWC) loan #CPI6T relates to the North Simon Storm Sewer project. The loan amount is for \$146,000 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 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 #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 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. Storm Sewer receipts collateralize the loan and loan payments are paid out of the Storm Sewer fund.

The Various Purpose Improvement and Refunding Bonds, Series 2013 was issued to refinance the Buckeye Street, a partial amount of the Main Street Streetscape, and the Concrete Streets Streetscape projects. The bond is for \$2,890,000 and will be paid back in a 20 year span. The rate varies between 1.15% and 4.375%. Income Tax receipts collateralize the loan and loan payments are paid out of the General, Street, Water, and Storm Sewer funds.

There are a few projects that have not be finalized as of December 31, 2019, they are as follows:

The Village borrowed \$482,245 from Liberty National Bank for the Willeke Phase I project for the purpose of street reconstruction projects on Willeke Avenue, Orders Street, Oak Street and Ankerman Street. The loan will be paid back in five years and holds an interest rate of 3.74%. At which time, the loan will be converted to a bond. Willeke Assessments and multiple fund receipts will collateralize the loan and loan payments will be paid out of the General, Water, Sewer, and Storm Sewer funds. An amortization schedule will be provided when the project is finalized. This project has been completed but the paperwork has yet to be finalized.

Village of Ada
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt (continued)

The Village borrowed \$400,000 from Liberty National Bank for the Ream Street Improvements for the purpose of water main replacements and storm sewer improvements on Ream Street. The loan will be paid back in five years and holds an interest rate of 3.99%. At which time, the loan will be converted to a bond. Water and Storm Sewer receipts will collateralize the loan and loan payments will be paid out of the Water and Storm Sewer funds. An amortization schedule will be provided when the project is finalized. This project has been completed but the paperwork has yet to be finalized.

The Ohio Public Works Commission (OWPC) loan #CT67V1 loan relates to the Willeke Avenue Reconstruction Phase II. The loan amount is for a maximum of \$903,674 and will be paid back in a 30 year span. There is no interest on the loan. An amortization schedule will be provided when the project is finalized.

Amortization

Amortization of the above 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 CP31U	OPWC Loan CP24T
2020	\$4,457	\$9,765	\$12,799	\$3,432	\$13,001	\$16,557
2021	\$4,457	\$9,765	\$12,799	\$3,432	\$13,001	\$16,557
2022	\$4,457	\$9,765	\$12,799	\$3,432	\$13,001	\$16,557
2023	\$4,457	\$9,765	\$12,799	\$3,432	\$13,001	\$16,557
2024	\$4,457	\$9,765	\$12,799	\$3,432	\$13,001	\$16,557
2025-2029	\$22,284	\$48,825	\$63,994	\$17,158	\$65,003	\$82,783
2030-2034	\$22,284	\$48,825	\$63,994	\$17,158	\$65,003	\$82,783
2035-2039	\$22,284	\$19,530	\$63,994	\$6,862	\$65,003	\$82,782
2040-2044	\$22,284	\$0	\$63,994	\$0	\$65,003	\$82,783
2045-2049	\$8,912	\$0	\$12,797	\$0	\$58,498	\$82,782
Total	\$120,333	\$166,005	\$332,768	\$58,338	\$383,515	\$496,698

Year Ending December 31,	OWDA Loan 3334	OWDA Loan 6826	Improvement & Refund Bonds Series 2013	Pool Note	Municipal Building
2020	\$108,627	\$797,121	\$231,324	\$55,828	\$14,685
2021	\$108,627	\$797,121	\$237,644	\$55,828	\$29,369
2022	\$0	\$797,121	\$233,394	\$441,636	\$29,369
2023	\$0	\$797,121	\$238,294	\$0	\$29,369
2024	\$0	\$797,121	\$232,894	\$0	\$358,094
2025-2029	\$0	\$3,985,603	\$885,119	\$0	\$0
2030-2034	\$0	\$3,985,603	\$511,800	\$0	\$0
2035-2036	\$0	\$1,195,681	\$0	\$0	\$0
Total	\$217,254	\$13,152,492	\$2,570,469	\$553,292	\$460,886

Village of Ada
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt (continued)

Leases

The Village leases vehicles and other equipment under noncancelable leases. The Village disbursed \$34,471 to pay lease costs for the year ended December 31, 2019. The leases are reported as functional disbursements, rather than as debt principal and interest. Future lease payments (including interest) are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$35,240
2021	\$26,855
2022	\$7,394
2023	\$7,394
2024	\$7,394
<u>Total</u>	<u>\$84,277</u>

Note 10 – Contingent Liabilities

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

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, 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 11 – Significant Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio and the investments of the pension and other employee benefit plans in which the Village participates may incur a significant decline in value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Village of Ada
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 12 – Change in Accounting Principle

For 2019, the Village has implemented GASB Statement No. 84, “*Fiduciary Activities*”. GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities. This implementation required restating fund balances as previously presented at December 31, 2018. In addition, a restatement of fund balances was required to properly state balances presented at December 31, 2018 due to a prior year error:

	<u>General</u>	<u>Enterprise</u>	<u>Custodial</u>
Fund balance as previously presented	\$ 2,310,238	\$ 4,670,848	\$ 18,645
Fund reclassification for GASB Statement No. 84	16,578	-	\$ (16,578)
Reclassification due to prior year errors	<u>-</u>	<u>320</u>	<u>(83)</u>
Restated fund balance at January 1, 2019	<u>\$ 2,326,816</u>	<u>\$ 4,671,168</u>	<u>\$ 1,984</u>

Note 13 – Jointly Governed Organizations

Ada Liberty Joint Ambulance District

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

Hardin County Regional Planning Commission

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

Note 14 – Public Entity Risk Pool

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

Village of Ada
Hardin County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 15 – Related Party Transactions

Cathy Cole, a Village Council member, is owner of Cole Motor Sales in Ada, Ohio from which the Village acquired a vehicle lease from Ford Motor Credit in the amount of \$36,073 and received vehicle maintenance during the year in the amount of \$2,565.

Jeff Oestreich, a Village Council member, is an employee for WCOIL for which the Village receives phone, internet, and email services throughout the year. The Village paid \$9,979 for these services.

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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
Ada, Ohio 45810

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Ada, Hardin County, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements and have issued our report thereon dated August 26, 2020, wherein we noted the Village of Ada followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods. We also noted, as discussed in Note 12 to the financial statements, the Village of Ada adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

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

Village of Ada's Response to Finding

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 subject the Village of Ada's response to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
August 26, 2020

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-001

Material Weakness - Financial Statement Presentation

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

Certain adjustments were made to the financial statements and note disclosures to properly state amounts. The audited financial statements, note disclosures, and Village records have been adjusted for the misstatements identified during the audit.

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

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

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

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**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2018-001	2016	<u>Material Weakness - Financial Statement Presentation</u> - A monitoring system by the Fiscal Officer and Village Council should be in place to prevent or detect material misstatements for the accurate presentation to the Village's financial statements. The Village had several audit adjustments.	Not Corrected	Finding repeated as 2019-001 as the Village's financial report required audit adjustments.
2018-002	2018	<u>Material Weakness – Bank Reconciliation</u> - The completion of timely monthly bank reconciliations to zero unidentified differences is critical to financial data reporting for both the Village Council and its citizens. The Village was unable to provide timely monthly bank reconciliations to zero unidentified differences for both its main operating account and its payroll account.	Corrective Action Taken and Finding is Fully Corrected	N/A

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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 12/1/2020

88 East Broad 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