

VILLAGE OF ADA
HARDIN COUNTY, OHIO

REGULAR AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2020

OHIO AUDITOR OF STATE
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Village of Ada, Hardin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2020. 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 cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

April 29, 2021

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**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 - 2
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2020.....	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2020.....	4
Notes to the Financial Statements.....	5 - 16
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17 - 18
Summary Schedule of Prior Audit Findings.....	19

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Independent Auditor's Report

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

To the Members of Council and the Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type and the related notes of the Village of Ada, Hardin County, Ohio, as of and for the year ended December 31, 2020.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), as described in Note 2. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion 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 accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, the financial statements are prepared by the Village of Ada, on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

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.

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, 2020, or changes in net position, or cash flows thereof for the year then ended.

Unmodified 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, as of December 31, 2020, for the year then ended, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 2.

Emphasis of Matters

As discussed in Note 15 to the financial statements, during 2020, the Village of Ada adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. As described in Note 16 to the financial statements, the Village of Ada restated the beginning cash fund balance of the special revenue fund type in accordance with GASB's Statement No. 84, *Fiduciary Activities* and will no longer report any fiduciary fund types. As described in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Ada. Our opinions are not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2021, on our consideration of the Village of Ada's internal control over financial reporting and on 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 of Ada'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 of Ada's internal control over financial reporting and compliance.



Julian & Grube, Inc.
March 30, 2021

**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, 2020

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Cash receipts:					
Property and other local taxes	\$ 66,804	\$ 15,462	\$ -	\$ -	\$ 82,266
Municipal income taxes	1,677,870	167,787	-	-	1,845,657
Intergovernmental	81,328	635,529	-	94,506	811,363
Special assessments	-	68,608	80,464	-	149,072
Charges for services	-	24,359	-	-	24,359
Fines, licenses and permits	54,884	1,350	-	-	56,234
Earnings on investments	121,552	13,801	-	-	135,353
Miscellaneous	127,215	14,161	-	7,963	149,339
Total cash receipts	<u>2,129,653</u>	<u>941,057</u>	<u>80,464</u>	<u>102,469</u>	<u>3,253,643</u>
Cash disbursements:					
Current:					
Security of persons and property	407,064	357,241	-	-	764,305
Public health services	49,685	6,841	-	-	56,526
Leisure time activities	11,154	94,381	-	-	105,535
Community environment	27,650	-	-	-	27,650
Transportation	-	441,865	-	-	441,865
General government	515,100	11,287	-	-	526,387
Capital outlay	-	-	-	533,597	533,597
Debt service:					
Principal retirement	-	-	1,301,943	-	1,301,943
Interest and fiscal charges	5,369	-	79,457	-	84,826
Bond issuance costs	-	-	36,750	-	36,750
Payment to refunding bond escrow agent	-	-	195,662	-	195,662
Total cash disbursements	<u>1,016,022</u>	<u>911,615</u>	<u>1,613,812</u>	<u>533,597</u>	<u>4,075,046</u>
Excess of receipts over (under) disbursements	<u>1,113,631</u>	<u>29,442</u>	<u>(1,533,348)</u>	<u>(431,128)</u>	<u>(821,403)</u>
Other financing receipts (disbursements):					
Sale of assets	3,561	-	-	-	3,561
Payment to refunding bond escrow agent	-	-	(1,864,866)	-	(1,864,866)
Transfers in	-	390,000	341,923	-	731,923
Transfers (out)	(665,000)	(60,000)	-	(6,923)	(731,923)
Loan proceeds	-	-	-	483,942	483,942
Sale of bonds and refunding bonds	-	-	3,109,020	-	3,109,020
Total other financing receipts (disbursements)	<u>(661,439)</u>	<u>330,000</u>	<u>1,586,077</u>	<u>477,019</u>	<u>1,731,657</u>
Net change in fund cash balances	452,192	359,442	52,729	45,891	910,254
Fund cash balances, January 1 (restated)	<u>2,553,915</u>	<u>1,383,084</u>	<u>2,333</u>	<u>706,397</u>	<u>4,645,729</u>
Fund cash balances, December 31	<u>\$ 3,006,107</u>	<u>\$ 1,742,526</u>	<u>\$ 55,062</u>	<u>\$ 752,288</u>	<u>\$ 5,555,983</u>

SEE ACCOMPANYING NOTES TO THE 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, 2020

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 3,051,812
Fines, licenses and permits	6,376
Miscellaneous	33,030
Total operating cash receipts	3,091,218
Operating cash disbursements:	
Personal services	305,147
Employee fringe benefits.	79,365
Contractual services.	708,442
Materials and supplies.	286,704
Other	622
Total operating cash disbursements	1,380,280
Operating income	1,710,938
Nonoperating cash receipts (disbursements):	
Principal retirement	(1,090,002)
Interest and fiscal charges	(139,265)
Sale of bonds	400,980
Total nonoperating cash receipts (disbursements)	(828,287)
Income before transfers	882,651
Transfers in	175,000
Transfers out.	(175,000)
Net change in fund cash balances	882,651
Fund cash balances, January 1	5,083,760
Fund cash balances, December 31.	\$ 5,966,411

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, sewer, storm sewer and refuse 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.

CARES Act Fund - The CARES Act fund accounts for receipts and disbursements from federal grants provided by the Coronavirus Aid, Relief and Economic Security Act (CARES Act).

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 fund:

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.

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

Sewer Debt Retirement Fund - The sewer debt retirement fund accounts for principal and interest payments of sewer debts.

Refuse Fund - The refuse fund accounts for the provision of waste management services to the residents and commercial users within the Village.

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. The Village does not have private purpose or investment trust funds. 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. As described in Note 16, in accordance with GASB Statement No. 84, "*Fiduciary Activities*", the Village no longer presents custodial fund activity.

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 (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 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 (D) permit.

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 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.

A summary of 2020 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 invested in certificates of deposit, which were purchased through the CDARS program. The Village's 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.

F. 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.

G. 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.

H. 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.

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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.

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 carrying amount of deposits and investments at December 31 was as follows:

	2020
Demand deposits	<u>\$ 2,736,429</u>
Certificates of deposit	7,780,639
STAR Ohio	<u>1,005,326</u>
Total deposits and investments	<u><u>\$ 11,522,394</u></u>

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

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,125,453	\$2,133,214	\$7,761
Special Revenue	1,452,000	1,331,057	(120,943)
Debt Service	3,444,052	3,531,407	87,355
Capital Projects	3,289,629	586,411	(2,703,218)
Enterprise	2,969,948	3,667,198	697,250
Total	\$13,281,082	\$11,249,287	(\$2,031,795)

2020 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,155,184	\$1,685,090	\$470,094
Special Revenue	1,429,192	1,025,881	403,311
Debt Service	3,459,052	3,478,678	(19,626)
Capital Projects	3,989,946	540,520	3,449,426
Enterprise	3,352,627	2,809,134	543,493
Total	\$14,386,001	\$9,539,303	\$4,846,698

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 non-business, owner occupancy and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 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.

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 - DEBT

Debt outstanding at December 31, 2020 was as follows:

<u>Description</u>	<u>Balance at 12/31/2020</u>	<u>Interest Rate</u>
OPWC Loan # CP16T	\$ 115,876	0.00%
OPWC Loan # CP36S	156,240	0.00%
OPWC Loan # CT42Q	319,969	0.00%
OPWC Loan # CT89M	54,906	0.00%
OPWC Loan # CP24T	480,142	0.00%
OPWC Loan # CP31U	370,514	0.00%
OPWC Loan # CT67V	584,693	0.00%
OWDA Loan #3334	106,860	2.20%
OWDA Loan #6826	11,419,071	1.00%
Various Purpose Improvement and Refunding Bonds, Series 2020	<u>3,510,000</u>	2.90%
Total	<u><u>\$ 17,118,271</u></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. 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 #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. 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 #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, 2020

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 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.

The Various Purpose Improvement and Refunding Bonds, Series 2013 were issued to refinance the Buckeye Street improvements, a partial amount of the Main Street Streetscape, and the Concrete Streets Streetscape projects. The bonds were issued in the amount of \$2,890,000 and was scheduled to be paid back over a 20-year span. The interest rate varied between 1.15% and 4.375%. The Series 2013 bonds were refunded during 2020 with proceeds from the Various Purpose Improvement and Refunding Bonds, Series 2020.

On October 28, 2020, the Village issued Various Purpose Improvement and Refunding Bonds, Series 2020 to refinance Various Purpose Improvement and Refunding Bonds, Series 2013, the Willeke Phase I loan, the Municipal Pool loan, the Municipal Building Renovation loan, and the Ream Water Project loan. Proceeds from the refunding were used 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 bonds 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 fund, the sewer debt retirement fund, the storm sewer debt fund and the water debt retirement fund. Of the \$2,060,528 paid to the refunding bond escrow agent, \$1,864,866 was financed from bond proceeds, \$195,662 was from Village contributions, and \$500 was associated with escrow agent fees (a component of bond issuance costs).

The Village borrowed \$541,600 from Liberty National Bank for the renovation of the pool. The loan had an interest rate of 3.5% and was scheduled to be repaid over a period of five years. Pool income tax receipts collateralized the loan and loan payments were made out of the pool debt service fund. The balance of the loan (\$466,439) was paid off with proceeds from the Various Purpose Improvement and Refunding Bonds issued on October 28, 2020.

The Village borrowed \$367,618 from Liberty National Bank for the renovation of the municipal building. The Village received an additional \$32,083 in loan proceeds during 2020. The loan had an interest rate of 3.99% and was scheduled to be paid back over a period of five years. General fund receipts collateralized the loan and loan payments were made from the general obligation debt service fund. The balance of the loan (\$386,690) was paid off with proceeds from the Various Purpose Improvement and Refunding Bonds issued on October 28, 2020.

The Village borrowed \$482,245 from Liberty National Bank for the Willeke Phase I project for the purpose of street construction projects on Willeke Avenue, Orders Street and Ankerman Street. The loan had an interest rate of 3.74% and was scheduled to be repaid over a period of five years. Willeke assessments and multiple fund receipts collateralized the loan and loan payments were made out of the general obligation debt service fund. The balance of the loan (\$333,128) was paid off with proceeds from the Various Purpose Improvement and Refunding Bonds issued on October 28, 2020.

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 - DEBT - (Continued)

The Village borrowed \$400,000 from Liberty National Bank for the purpose of water main replacements and storm sewer improvements on Ream Street. The loan had an interest rate of 3.99% and was scheduled to be repaid over a period of five years. Water and sewer receipts collateralized the loan and loan payments were made out of the water debt retirement fund. The balance of the loan (\$393,137) was paid off with proceeds from the Various Purpose Improvement and Refunding Bonds issued on October 28, 2020.

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	OPWC Loan CP31U
2021	\$4,457	\$9,765	\$12,799	\$3,432	\$16,557	\$13,001
2022	4,457	9,765	12,799	3,432	16,557	13,001
2023	4,457	9,765	12,799	3,432	16,557	13,001
2024	4,457	9,765	12,799	3,432	16,557	13,001
2025	4,457	9,765	12,799	3,432	16,557	13,001
2026-2030	22,284	48,825	63,994	17,158	82,782	65,003
2031-2035	22,283	48,825	63,993	17,158	82,783	65,003
2036-2040	22,284	9,765	63,994	3,430	82,782	65,003
2041-2045	22,283	-	63,993	-	82,783	65,003
2046-2050	4,457	-	-	-	66,227	45,497
Total	<u>\$115,876</u>	<u>\$156,240</u>	<u>\$319,969</u>	<u>\$54,906</u>	<u>\$480,142</u>	<u>\$370,514</u>

Year Ending December 31,	OPWC Loan CT67V	OWDA Loan 3334	OWDA Loan 6826	Improvement & Refund Bonds Series 2020
2021	\$19,820	\$108,627	\$797,121	\$391,121
2022	19,820	-	797,121	388,670
2023	19,820	-	797,121	395,115
2024	19,820	-	797,121	391,125
2025	19,820	-	797,121	331,990
2026-2030	99,100	-	3,985,603	1,665,180
2031-2035	99,100	-	3,985,603	629,510
2036-2040	99,100	-	398,558	-
2041-2045	99,100	-	-	-
2046-2050	89,193	-	-	-
Total	<u>\$584,693</u>	<u>\$108,627</u>	<u>\$12,355,369</u>	<u>\$4,192,711</u>

Leases

The Village leases vehicles and other equipment under noncancelable leases. The Village disbursed \$35,240 to pay lease costs for the year ended December 31, 2020. The leases are reported as functional disbursements, rather than as debt principal and interest. Future lease payments (including interest) are as follows:

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 - DEBT - (Continued)

Year Endng December 31,	Amount
2021	\$ 26,855
2022	7,394
2023	7,394
2024	7,394
Total	\$ 49,037

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, 2020.

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, 2020.

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.

These officials 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, 2020.

NOTE 9 - 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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. 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, 2020

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

Beginning January 1, 2020, 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.

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.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019 (the latest information available).

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019 (the latest information available).

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</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.

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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.

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 for which the Village receives electricity services throughout the year. The Village paid \$4,271 for that service during 2020.

Jeff Oestreich, a Village Council member, who was an employee for WCOIL for which the Village receives phone, internet, and email services throughout the year. The Village paid \$11,499 for these services. As of October 2020, Jeff Oestreich was no longer an employee at WCOIL.

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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	Total
Nonspendable:			
Unclaimed Monies	\$ 19,481	\$ -	\$ 19,481
Outstanding Encumbrances	4,068	54,266	58,334
Total	<u>\$ 23,549</u>	<u>\$ 54,266</u>	<u>\$ 77,815</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.

NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLE

For 2020, the Village made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

NOTE 16 - RESTATEMENT OF CASH FUND BALANCE

In accordance with GASB Statement No. 84, "*Fiduciary Activities*", the cash fund balance of the special revenue funds has been restated from \$1,381,100 at December 31, 2019 to \$1,383,084 to report the fire damage fund as a special revenue fund rather than a custodial fund. The Village no longer reports any fiduciary fund types.

NOTE 17 - COVID-19

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 continuing emergency measures may impact subsequent periods of the Village. The Village's investment portfolio and the investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, 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.

During 2020, the Village received \$439,823 in CARES Act funding. Of the amounts received, \$4,828 was sub-granted to the Ada Liberty Joint Ambulance District. These amounts are reflected as general government, security of persons and property, public health services, transportation and leisure time activities disbursements in the CARES Act special revenue fund on the accompanying financial statements.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

To the Members of Council and the Mayor:

We have audited, in accordance with the 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, 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, 2020, and the related notes to the financial statements and have issued our report thereon dated March 30, 2021, wherein we noted as described in Note 2 to the financial statements, 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 15 to the financial statements, the Village of Ada adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. As described in Note 16 to the financial statements, the Village of Ada restated the beginning cash fund balance of the special revenue fund type in accordance with GASB's Statement No. 84, *Fiduciary Activities* and will no longer report any fiduciary fund types. As described in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Ada.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Ada'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 of Ada's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Ada'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 of Ada'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 may exist that have not been identified.

Village of Ada

Hardin County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Ada'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 of Ada'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 of Ada's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a period at the end.

Julian & Grube, Inc.

March 30, 2021

**VILLAGE OF ADA
HARDIN COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2019-001	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.	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 5/11/2021

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