

**Village of Ada**  
Hardin County, Ohio

**Regular Audit**

For the Years Ended December 31, 2001 - 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
Columbus, Ohio 43215

Telephone 614-466-4514  
800-282-0370

Facsimile 614-728-7398  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Ada Village Council  
Village of Ada  
Hardin County  
115 West Buckeye Avenue  
Ada, OH 45810

We have reviewed the Independent Auditor's Report of the Village of Ada, Hardin County, prepared by Knox & Knox, for the audit period January 1, 2000 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Ada is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

June 12, 2002

**This Page is Intentionally Left Blank.**

VILLAGE OF ADA  
HARDIN COUNTY, OHIO

Table of Contents

	<u>Page</u>
Report of Independent Accountants.....	1 - 2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2001.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Expendable Trust Fund- For the Year Ended December 31, 2000.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2000.....	6
Notes to the Financial Statements.....	7 - 13
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	14 - 15
Schedule of Findings.....	16
Schedule of Prior Audit Findings.....	17

**This page intentionally left blank.**

# KNOX & KNOX

---

Accountants and Consultants

## Report of Independent Accountants

Ada Village Council  
Village of Ada  
Hardin County  
115 West Buckeye St.  
Ada, Ohio 45810

To the Members of Village Council:

We have audited the accompanying financial statements of the Village of Ada, Hardin County, Ohio, (the Village) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Knox & Knox

Orrville, Ohio  
May 24, 2002



VILLAGE OF ADA  
HARDIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH  
BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types				Total
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
<b>Cash Receipts:</b>					
Local Taxes	\$ 734,665	\$ -0-	\$ 102,602	\$1,663,872	\$ 837,267
Intergovernmental	165,867	159,920	-0-	-0-	1,989,659
Charges For Services	21,785	38,366	-0-	-0-	60,151
Fines, License and Permits	19,288	-0-	-0-	-0-	19,288
Miscellaneous	<u>113,152</u>	<u>13,955</u>	<u>-0-</u>	<u>-0-</u>	<u>127,107</u>
<b>Total Cash Receipts</b>	<b>1,054,757</b>	<b>212,241</b>	<b>102,602</b>	<b>1,663,872</b>	<b>3,033,472</b>
<b>Cash Disbursements:</b>					
Security of Persons and Property	558,158	-0-	-0-	-0-	558,158
Public Health Services	18,100	-0-	-0-	-0-	18,100
Leisure Time Activities	4,342	66,988	-0-	-0-	71,330
Transportation	264,641	69,315	-0-	-0-	333,956
Community Environment	11,835	-0-	-0-	-0-	11,835
General Government	269,853	-0-	-0-	-0-	269,853
Capital Outlay	-0-	119,869	-0-	1,663,872	1,783,741
Debt Service	<u>-0-</u>	<u>-0-</u>	<u>69,610</u>	<u>-0-</u>	<u>69,610</u>
<b>Total Cash Disbursements</b>	<b><u>1,126,929</u></b>	<b><u>256,172</u></b>	<b><u>69,610</u></b>	<b><u>1,663,872</u></b>	<b><u>3,116,583</u></b>
<b>Total Cash Receipts Over/(Under)</b>					
Cash Disbursements	< 72,172 >	< 43,931 >	32,992	-0-	< 83,111 >
<b>Other Financing Receipts/ Disbursements:</b>					
Transfers-In	-0-	28,168	4,881	-0-	33,049
Transfers-Out	< 16,059 >	-0-	-0-	-0-	< 16,059 >
Other Sources	-0-	-0-	-0-	-0-	-0-
Other Uses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Other Financing Receipts/Disbursements:</b>	<b>&lt; 16,059 &gt;</b>	<b><u>28,168</u></b>	<b><u>4,881</u></b>	<b><u>-0-</u></b>	<b><u>16,990</u></b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>					
	<b>&lt; 88,231 &gt;</b>	<b>&lt;15,763 &gt;</b>	<b><u>37, 873</u></b>	<b><u>-0-</u></b>	<b><u>&lt; 66,121 &gt;</u></b>
Fund Cash Balances, 1/1/01	<u>564,854</u>	<u>145,794</u>	<u>30, 809</u>	<u>-0-</u>	<u>741,457</u>
Fund Cash Balances, 12/31/01	<u>\$476,623</u>	<u>\$130,031</u>	<u>\$ 68,682</u>	<u>\$ -0-</u>	<u>\$675,336</u>
Reserve for Encumbrances, 12/31/01	<u>\$ 8,425</u>	<u>\$ 25,350</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 33,775</u>

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

VILLAGE OF ADA  
HARDIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001

	Proprietary Fund Type		Fiduciary Fund Type	Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	
Operating Cash Receipts:				
Charges for Services	\$1,252,792	\$ -0-	\$ -0-	\$1,252,792
Miscellaneous	<u>7,744</u>	<u>-0-</u>	<u>500</u>	<u>8,244</u>
Total Operating Cash Receipts	1,260,536	-0-	500	1,261,036
Operating Cash Disbursements:				
Personal Services	261,246	-0-	-0-	261,246
Travel Transportation	11,495	-0-	-0-	11,495
Contractual Services	3,433	201,166	191	204,790
Supplies and Materials	584,480	-0-	-0-	584,480
Capital Outlay	<u>31,084</u>	<u>-0-</u>	<u>-0-</u>	<u>31,084</u>
Total Operating Cash Disbursements	<u>891,738</u>	<u>201,166</u>	<u>191</u>	<u>1,093,095</u>
Operating Income/(Loss)	368,798	<201,166>	309	167,941
Non-operating Cash Receipts:				
Other Non-Operating Receipts	<u>-0-</u>	<u>227,677</u>	<u>4,279</u>	<u>231,956</u>
Total Non-Operating Cash Receipts	-0-	227,677	4,279	231,956
Non-Operating Cash Disbursements:				
Debt Service	284,672	-0-	-0-	284,672
Other Non-Operating Expenses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Non-Operating Cash Disbursements	<u>284,672</u>	<u>-0-</u>	<u>-0-</u>	<u>284,672</u>
Excess of Non-Operating Receipts Over(under)Non-Operating Disbursements	< 284,672>	227,677	4,279	< 52,716>
Transfers - In	-0-	-0-	-0-	-0-
Transfers - Out	<u>&lt; 16,990&gt;</u>	<u>-0-</u>	<u>-0-</u>	<u>&lt; 16,990&gt;</u>
Net Receipts Over/(Under) Disbursements	67,136	26,511	4,588	98,235
Fund Cash Balances, 1/1/01	<u>1,240,407</u>	<u>1,789</u>	<u>11,503</u>	<u>1,253,699</u>
Fund Cash Balances, 12/31/01	<u>\$1,307,543</u>	<u>\$28,300</u>	<u>\$ 16,091</u>	<u>\$1,351,934</u>
Reserve for Encumbrances, 12/31/01	<u>\$ 46,143</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 46,143</u>

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

VILLAGE OF ADA  
HARDIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Fiduciary	Total
	General	Special Revenue	Debt Service	Capital Projects	Expendable (Memorandum Trust)	
Cash Receipts:						
Local Taxes	\$ 775,826	\$ 24,934	\$ 83,697	\$ -0-	\$ -0-	\$ 884,457
Intergovernmental	191,596	100,096	-0-	70,027	-0-	361,719
Charges For Services	34,408	34,179	-0-	-0-	-0-	68,587
Fines, License and Permits	28,774	-0-	-0-	-0-	-0-	28,774
Miscellaneous	<u>108,688</u>	<u>10,857</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>119,545</u>
Total Cash Receipts	1,139,292	170,066	83,697	70,027	-0-	1,463,082
Cash Disbursements:						
Security of Persons and Property	447,912	-0-	-0-	-0-	-0-	447,912
Public Health Services	15,060	-0-	-0-	-0-	-0-	15,060
Leisure Time Activities	5,112	67,161	-0-	-0-	-0-	72,273
Transportation	206,500	104,510	-0-	-0-	-0-	311,010
Community Environment	2,171	-0-	-0-	-0-	-0-	2,171
General Government	274,939	-0-	-0-	-0-	1,531	276,470
Capital Outlay	-0-	-0-	-0-	70,027	-0-	70,027
Debt Service	<u>-0-</u>	<u>-0-</u>	<u>72,289</u>	<u>-0-</u>	<u>-0-</u>	<u>72,289</u>
Total Cash Disbursements	<u>951,694</u>	<u>171,671</u>	<u>72,289</u>	<u>70,027</u>	<u>1,531</u>	<u>1,267,212</u>
Total Cash Receipts Over/(Under)						
Cash Disbursements	187,598	< 1,605>	11,408	-0-	< 1,531>	195,870
Other Financing Receipts/ Disbursements:						
Transfers-In	-0-	27,420	-0-	-0-	-0-	27,420
Transfers-Out	< 14,116>	-0-	-0-	-0-	-0-	< 14,116>
Other Uses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financing Receipts/Disbursements:	< 14,116>	27,420	-0-	-0-	-0-	13,304
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	173,482	25,815	11,408	-0-	< 1,531>	209,174
Fund Cash Balances, 1/1/00	<u>391,372</u>	<u>119,979</u>	<u>19,401</u>	<u>-0-</u>	<u>1,531</u>	<u>532,283</u>
Fund Cash Balances, 12/31/00	<u>\$ 564,854</u>	<u>\$ 145,794</u>	<u>\$30,809</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$741,457</u>
Reserve for Encumbrances, 12/31/00	<u>\$ 44,083</u>	<u>\$ 23,870</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 67,953</u>

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

VILLAGE OF ADA  
HARDIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	
Operating Cash Receipts:				
Charges for Services	\$1,265,928	\$ -0-	\$ -0-	\$1,265,928
Miscellaneous	<u>3,210</u>	<u>-0-</u>	<u>-0-</u>	<u>3,210</u>
Total Operating Cash Receipts	1,269,138	-0-	-0-	1,269,138
Operating Cash Disbursements:				
Personal Services	307,291	-0-	-0-	307,291
Travel Transportation	9,123	-0-	-0-	9,123
Contractual Services	305,312	162,292	5,919	473,523
Supplies and Materials	142,096	-0-	-0-	142,096
Capital Outlay	<u>6,965</u>	<u>-0-</u>	<u>-0-</u>	<u>6,965</u>
Total Operating Cash Disbursements	<u>770,787</u>	<u>162,292</u>	<u>5,919</u>	<u>938,998</u>
Operating Income/(Loss)	498,351	<162,292>	< 5,919>	330,140
Non-Operating Cash Receipts:				
Other Non-Operating Receipts	<u>-0-</u>	<u>89,832</u>	<u>5,492</u>	<u>95,324</u>
Total Non-Operating Cash Receipts	-0-	89,832	5,492	95,324
Non-Operating Cash Disbursements:				
Debt Service	287,583	-0-	-0-	287,583
Other Non-Operating Cash Disbursements	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Non-Operating Cash Disbursements	<u>287,583</u>	<u>-0-</u>	<u>-0-</u>	<u>287,583</u>
Excess of Non-Operating Receipts Over(under)Non-Operating Disbursements	< 287,583>	89,832	5,492	< 192,259>
Transfers - In	34,096	-0-	-0-	34,096
Transfers - Out	< <u>47,400</u> >	<u>-0-</u>	<u>-0-</u>	< <u>47,400</u> >
Net Receipts Over/(Under) Disbursements	197,464	< 72,460>	< 427>	124,577
Fund Cash Balances, 1/1/00	<u>1,042,943</u>	<u>74,249</u>	<u>11,930</u>	<u>1,129,122</u>
Fund Cash Balances, 12/31/00	<u>\$1,240,407</u>	<u>\$ 1,789</u>	<u>\$ 11,503</u>	<u>\$ 1,253,699</u>
Reserve for Encumbrances, 12/31/00	<u>\$ 82,090</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 82,090</u>

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

VILLAGE OF ADA  
HARDIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is recorded at amounts reported by the pool.

D. Fund Accounting

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

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

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

Swimming Pool Fund-This fund receives taxes and collects charges from users to pay for renovation and operational costs.

VILLAGE OF ADA  
HARDIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness.

Capital Projects Funds

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

Sewer Capital Improvement Fund - This fund receives proceeds from State grants to pay for improvements to the sanitary sewer system.

Enterprise Fund

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

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

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

Water Project Fund - This fund receives proceeds from debt and State grants to pay for improvements to the water treatment system.

Internal Service Funds

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

Health Insurance Fund - This fund is used to account for employee health insurance benefits.

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other funds are classified as expendable. The Village had the following significant Fiduciary Funds:

Fire Damage Insurance Fund - This fund is used to account for the proceeds of insurance claims to pay for damages.

Unclaimed Monies Fund - This fund is used to account for unclaimed amounts due to others

VILLAGE OF ADA  
HARDIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or major object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. Equity in Pooled Cash and Investments

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

	<u>2001</u>	<u>2000</u>
Dem and Deposits	<u>\$1,346,776</u>	<u>\$1,338,828</u>
Total Deposits	1,346,776	1,338,828
STAR Ohio	<u>680,494</u>	<u>656,328</u>
Total Investments	<u>680,494</u>	<u>656,328</u>
Total Deposits and Investments	<u><u>\$2,027,270</u></u>	<u><u>\$1,995,156</u></u>

Deposits:

Deposits are (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments:

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

VILLAGE OF ADA  
HARDIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,583,089	\$1,054,757	<\$528,332>
Special Revenue	357,094	240,409	< 116,685>
Debt Service	122,809	107,483	< 15, 326>
Capital Projects	2,408,000	1,663,872	< 744,128>
Enterprise	2,428,651	1,260,536	< 1,168,115 >
Internal Service	155,011	227,677	72,666
Fiduciary	<u>12,384</u>	<u>4,779</u>	<u>&lt; 7,605 &gt;</u>
Total	<u>\$7,067,038</u>	<u>\$4,559,513</u>	<u>&lt;\$2,507,525&gt;</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,413,891	\$1,151,413	\$ 262,478
Special Revenue	358,337	281,522	76,815
Debt Service	75,000	69,610	5,390
Capital Projects	2,348,000	1,663,872	684,128
Enterprise	1,582,548	1,239,543	343,005
Internal Service	201,166	201,166	-0-
Fiduciary	11,572	191	11,381
Total	<u>\$ 5,990,514</u>	<u>\$ 4,607,317</u>	<u>\$ 1,383,197</u>



VILLAGE OF ADA  
HARDIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000

3. Budgetary Activity (Continued)

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 999,382	\$ 1,139,292	\$ 139,910
Special Revenue	283,681	197,486	< 86,195>
Debt Service	92,000	83,697	< 8,303>
Capital Projects	1,240,000	70,027	<1,169,973>
Enterprise	1,269,137	1,303,234	34,097
Internal Service	152,500	89,832	< 62,668>
Fiduciary	5,100	5,492	392
Total	<u>\$4,041,800</u>	<u>\$ 2,889,060</u>	<u>&lt;\$1,152,740&gt;</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,143,304	\$1,009,893	\$ 133,411
Special Revenue	362,187	195,541	166,646
Debt Service	75,000	72,289	2,711
Capital Projects	1,740,000	70,027	1,669,973
Enterprise	1,566,382	1,187,860	378,522
Internal Service	165,000	162,292	2,708
Fiduciary	7,450	7,450	-0-
Total	<u>\$ 5,059,323</u>	<u>\$2,705,352</u>	<u>\$ 2,353,971</u>

Contrary to Ohio law, appropriations exceeded the estimated resources in the Health Insurance Fund during 2001.

4. Property Tax

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

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

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

VILLAGE OF ADA  
HARDIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000

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

5. Local Income Tax

The Village levies a municipal income tax of 1.15 percent 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.

Employers within the Village withhold income tax on employee compensation and remit the tax to Central Collection Agency (CCA), an agency of the City of Cleveland, which provides a full range of tax collection services for forty-three member communities throughout thirteen Ohio counties, including the Village. Corporations and other individual taxpayers remit estimated taxes quarterly and file a declaration annually with CCA.

6. Debt

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan (1989)	\$ 911,220	2.20%
Ohio Water Development Authority (1996)	837,364	7.89%
Ohio Water Development Authority (2000)	1,247,834	2.20%
Ohio Waterworks Improvement Bonds	545,000	6.00%
Swimming Pool Improvement Bonds	275,000	4.45%

The Ohio Water Development Authority (OWDA) loans relate to sewer system expansion projects that were mandated by the Ohio Environmental Protection Agency. The 1989 and 1996 loans will be repaid in semiannual installments of \$60,153 and \$34,850, including interest, respectively, over 20 years. The loans are collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village also has an open note with OWDA. In August, 2000, OWDA approved \$1,832,634 for improvements to the sewer system. The note is still being drawn upon, and therefore, does not have an amortization schedule. At December 31, 2001, \$584,800 had not been disbursed.

General Obligation Bonds were issued in 1993 for water system improvements and a refunding of previous bonded debt. The bonds are being paid annually over 20 years.

General Obligation Bonds were issued in 1996 for swimming pool improvements. The principal is being retired in annual installments of \$55,000 over 10 years.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending <u>December 31:</u>	OWDA <u>Loans</u>	Ohio Waterworks System Improvement <u>Bonds</u>	Swimming Pool Improvement Bonds <u>Improvement Bonds</u>
2002	\$190,007	\$ 91,665	\$ 67,238
2003	190,007	98,575	64,790
2004	190,007	59,900	62,343
2005	190,007	62,800	59,895
2006	190,007	60,400	57,448
Subsequent	<u>1,393,536</u>	<u>365,400</u>	<u>-0-</u>
Total	<u>\$2,343,571</u>	<u>\$738,740</u>	<u>\$ 311,714</u>

VILLAGE OF ADA  
HARDIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000

7. Retirement Systems

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001, and from January 1, 2000, through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000, through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

8. Risk Management

The Village maintains insurance coverage as a member of the Public Entities Pool of Ohio for the following risks:

- |                                  |                        |
|----------------------------------|------------------------|
| - General liability and casualty | - Property             |
| - Public officials' liability    | - Law enforcement      |
| - Vehicles                       | - Boiler and machinery |

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

9. Contingent Liabilities

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Ada Village Council  
Village of Ada  
Hardin County  
115 West Buckeye St.  
Ada, Ohio 45810

To the Members of Village Council:

We have audited the financial statements of the Village of Ada, Hardin County, Ohio (the Village), as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated May 24, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards, which is described in the accompanying schedule of findings as item 2001-30233-001. We have also noted an immaterial instance of non-compliance that we have reported to the Village in a separate letter dated May 24, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Village, in a separate letter dated May 24, 2002.

This report is intended for the information of the audit committee, management, and the Village Council, and should not be used by anyone other than these specified parties.

KNOX & KNOX

Orrville, Ohio  
May 24, 2002

VILLAGE OF ADA  
HARDIN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2001-30233-001

**Noncompliance Citation**

Ohio Revised Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During fiscal year 2001, total appropriations exceeded total estimated resources as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Health Insurance	\$ 156,800	\$ 201,166	\$ 44,366

To avoid overspending, the Village should not appropriate in excess of estimated resources.

VILLAGE OF ADA  
HARDIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-1	Ohio Revised Code, Section 5705.41 (D) requires a certificate of the fiscal officer to be attached to expenditures of money.	Fully corrected in 2000	
1999-2	Ohio Revised Code Section 5705.41(B) prohibits an expenditure unless it has been properly appropriated.	Fully corrected in 2000	
1999-3	Internal Control - Reportable Condition cited no prior certification of funds.	Fully corrected in 2000	
1999-4	Internal Control - Reportable Condition cited books not in balance during the audit period.	Fully corrected in 2000	







STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF ADA**

**HARDIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 27, 2002**