



Dave Yost • Auditor of State

VILLAGE OF ADA
HARDIN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Ada, Hardin County, Ohio (the Village), as of and for the year ended December 31, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Ada, Hardin County, Ohio, as of December 31, 2010, and the respective changes in cash financial position, thereof in conformity with the basis of accounting Note 2 describes.

As disclosed in Note 17, the Village restated the January 1, 2010 net assets of the Governmental Activities and Business-Type Activities, and the fund balances of the General, Water, and Sewer Funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2011, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and *required budgetary comparison schedules*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Village's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

September 9, 2011

**VILLAGE OF ADA
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

This discussion and analysis of the Village of Ada financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2010, within the limitations of the cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights are as follows:

- In total, net assets increased \$86,508 or up 3 percent. This increase was primary the result of the increase in net assets for each of the business type activity funds. Governmental activities had an overall decrease in net assets. The governmental fund most affected by the decrease in cash and cash equivalents was the General Fund, which decreased its carryover balance by \$204,343 as a result of local government funds being decreased by the state and the decline in interest rates due to the economy.
- The Village's governmental receipts are primarily property and income taxes, capital grants and bond proceeds. These receipts represent 85 percent of the total governmental activities cash received during the year. Income tax receipts for 2010 were up .6 percent.
- The water operation, one of the Village's business-type activities, increased its carryover by 36 percent for the year. Receipts exceeded expenditures by \$80,973. This was a result from increasing the water rates during the year.
- The sewer operation, one of the Village's business-type activities, increased its carryover by 36 percent for the year. Receipts exceeded expenditures by \$84,411. This was a result from increasing the sewer rates during the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting. The statement of net assets and the statement of activities provide information about the cash activities of the whole Village.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns. The notes to the financial statements are an integral part of the Village-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**VILLAGE OF ADA
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Government into two types of activities:

Governmental activities - Most of the Government's basic services are reported here, including police, streets and pool. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity - The Government has four business-type activities, the provision of water, sewer, storm-sewer, and refuse. Business-type activities are financed by a fee charged to the customers receiving the service.

**VILLAGE OF ADA
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Street Maintenance & Repair Fund, Permissive Motor Vehicle Tax Fund, the Swimming Pool Reserves Fund, Street Bond Payment Fund and the Capital Projects Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village's major enterprise funds are the Water Fund, Water Reserve Fund, Sewer Fund, and Sewer Debt Retirement Fund. When the services are provided to other departments of the Village, the service is reported as an internal service fund. The Village does not have any internal service funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2010 and 2009 on a cash basis:

**(Table 1)
Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets:						
Cash and Cash Equivalents	\$1,395,899	\$1,523,441	\$1,393,660	\$1,123,154	\$2,789,559	\$2,646,595
Total Assets	1,395,899	1,523,441	1,393,660	1,123,154	2,789,559	2,646,595
Net Assets:						
Restricted for:						
Debt Service			224,170	214,667	224,170	214,667
Capital Projects	138,686	195,024			138,686	195,024
Other Purposes	1,107,077	991,428	1,169,490	908,487	2,276,567	1,899,915
Unrestricted	150,136	336,989			150,136	336,989
Total Net Assets	<u>\$1,395,899</u>	<u>\$1,523,441</u>	<u>\$1,393,660</u>	<u>\$1,123,154</u>	<u>\$2,789,559</u>	<u>\$2,646,595</u>

**VILLAGE OF ADA
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

As mentioned previously, net assets increased \$86,508 or 3 percent during 2010. The primary reasons contributing to the decrease in cash balances are as follows:

- Water and Sewer rates were increased during the year resulting in business type activity net assets increasing \$231,506 or 20 percent.
- General Fund net assets decreased \$204,343 or 58 percent due to the following reasons:
- Miscellaneous receipts decreased by \$59,584.
- Interest income was down by \$23,178 or 50%.

Table 2 reflects the changes in net assets in 2010 and 2009.

**(Table 2)
Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 198,078	\$ 189,726	\$1,946,831	\$1,853,459	\$2,144,909	\$2,043,185
Operating Grants and Contributions	133,985	124,471			133,985	124,471
Capital Grants and Contributions	1,520,636	143,249			1,520,636	143,249
Total Program Receipts	1,852,699	457,446	1,946,831	1,853,459	3,799,530	2,310,905
General Receipts:						
Property and Other Local Taxes	1,072,154	1,064,322			1,072,154	1,064,322
Grants and Entitlements Not Restricted to Specific Programs	118,989	118,992			118,989	118,992
Bond Proceeds	900,000				900,000	
Interest	23,982	62,875			23,982	62,875
Miscellaneous	46,660	106,626	43,917	31,062	90,577	137,688
Total General Receipts	2,161,785	1,352,815	43,917	31,062	2,205,702	1,383,877
Total Receipts	4,014,484	1,810,261	1,990,748	1,884,521	6,005,232	3,694,782
Disbursements:						
General Government	245,526	246,652			245,526	246,652
Security of Persons and Property	709,745	686,165			709,745	686,165
Public Health Services	22,088	21,368			22,088	21,368
Leisure Time Activities	107,616	98,580			107,616	98,580
Community Environment	10,525	9,822			10,525	9,822
Basic Utilities			1,292,482	1,101,247	1,292,482	1,101,247
Transportation	478,207	542,512			478,207	542,512
Capital Outlay	1,583,384	734,853	35,293	56,235	1,618,677	791,088
Principal Retirement	956,677	61,183	353,392	311,685	1,310,069	372,868
Interest and Fiscal Charges	45,714	54,245	78,075	101,654	123,789	155,899
Other				43,477		43,477
Total Disbursements	4,159,482	2,455,380	1,759,242	1,614,298	5,918,724	4,069,678
Increase (Decrease) in Net Assets	(144,998)	(645,119)	231,506	270,223	86,508	(374,896)
Net Assets, January 1 (Restated – Note 17)	1,540,897	2,168,560	1,162,154	852,931	2,703,051	3,021,491
Net Assets, December 31	\$1,395,899	\$1,523,441	\$1,393,660	\$1,123,154	\$2,789,559	\$2,646,595

**VILLAGE OF ADA
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

Program receipts represent 62 percent of total receipts and are primarily comprised of utility charges for services, restricted grants, intergovernmental receipts such as motor vehicle license and gas tax money, and building permits and inspection fees.

General receipts represent 37 percent of the Village's total receipts, and of this amount, 49 percent are local taxes and 41 percent were bond proceeds in 2010.

Disbursements for General Government represent the overhead costs of running the Village. These include the costs of council, and the fiscal officer.

Security of Persons and Property are the costs of police protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the pool; the community environment department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities on page 12, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for capital outlay, debt service, transportation and security of persons and property, which account for 38, 24, 12 and 17 percent of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net (Disbursements) Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)
Governmental Activities**

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
General Government	\$ 245,526	(\$176,818)	\$ 246,652	(\$ 170,345)
Security of Persons and Property	709,745	(671,352)	686,165	(667,139)
Public Health Services	22,088	(22,088)	1,368	(21,368)
Leisure Time Activities	107,616	(53,186)	98,580	(49,778)
Community Environment	10,525	(10,525)	9,822	(9,822)
Basic Utilities				
Transportation	478,207	(318,535)	542,512	(390,595)
Capital Outlay	1,583,384	(74,151)	734,853	(591,604)
Principal Retirement	956,677	(934,414)	61,183	(43,038)
Interest and Fiscal Charges	45,714	(45,714)	54,245	(54,245)
Total Expenses	<u>\$4,159,482</u>	<u>(\$2,306,783)</u>	<u>\$2,435,380</u>	<u>(\$1,997,934)</u>

The dependence upon property and income tax receipts is apparent as 55 percent of governmental activities are supported through these general receipts.

**VILLAGE OF ADA
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

Business-type Activities

Revenues were adequate to cover the costs to operate the Business Activities. However, one individual utility continued to have costs greater than revenues. The Village will continue to adjust rates so that each utility collects enough revenue to off-set costs.

The Village's Funds

The water fund had receipts of \$679,763 and disbursements of \$598,790. The fund balance of the Water Fund increased \$80,973. The Water Reserve Fund had receipts of \$75,000 and disbursements of \$62,282. The Water Reserve fund balance increased \$12,718. The sewer fund had receipts of \$506,414 and disbursements of \$422,003. The fund balance of the sewer fund increased \$84,411. The sewer debt retirement fund had receipts of \$296,471 and disbursements of \$296,295. The fund balance of the Sewer debt retirement fund increased \$176.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2010, the Village amended its budget several times to reflect changing circumstances. Final budgeted receipts were slightly higher than the original budgeted receipts. Final budgeted receipts were 58% higher than actual receipts. Although receipts failed to live up to expectations, appropriations were not reduced. Actual expenditures were less than appropriations.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure. The Village has acquired a software package to accomplish this task and is in the process of entering the necessary information. It was anticipated that this program would be fully functional for 2010 but reductions in staff delayed the implementation. This projected has been delayed until such time it can be completed.

Debt

At December 31, 2010, the outstanding debt was \$3,720,136 issued for water and sewer improvements, equipment, improvements to structures, and street improvements. The Village also has \$77,677 in capital leases for equipment. For further information regarding the Village's debt, refer to Notes 10 and 11 to the basic financial statements.

Current Issues

The challenge for all villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. To continue to promote our current level of services additional revenue must be obtained. A safety service levy was passed May 4, 2011 increasing the income tax rate by .5% effective July 1, 2011.

**VILLAGE OF ADA
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED
(Continued)**

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Crystal Huffer, Fiscal Officer, Village of Ada, 115 West Buckeye Avenue, P.O. Box 292, Ada, Ohio 45810.

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**VILLAGE OF ADA
HARDIN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2010**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,395,899	\$1,393,660	\$2,789,559
Total Assets	<u>1,395,899</u>	<u>1,393,660</u>	<u>2,789,559</u>
Net Assets:			
Restricted for:			
Capital Projects	138,686		138,686
Debt Service		224,170	224,170
Other Purposes	1,107,077	1,169,490	2,276,567
Unrestricted	150,136		150,136
Total Net Assets	<u>\$1,395,899</u>	<u>\$1,393,660</u>	<u>\$2,789,559</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA
HARDIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$245,526	\$68,708		
Security of Persons and Property	709,745	26,990		\$11,403
Public Health Services	22,088			
Leisure Time Activities	107,616	54,430		
Community Environment	10,525			
Transportation	478,207	25,687	\$133,985	
Capital Outlay	1,583,384			1,509,233
Debt Service:				
Principal Retirement	956,677	22,263		
Interest and Fiscal Charges	45,714			
Total Governmental Activities	4,159,482	198,078	133,985	1,520,636
Business Type Activity:				
Sewer	422,004	501,593		
Sewer Debt Retirement	296,295	296,471		
Sewer Improvements	37,688	43,756		
Sewer Reserve	17,644	15,000		
Solid Waste & Refuse	178,999	210,182		
Storm Sewer Utility	42,873	50,107		
Utility Deposit	43,065	45,130		
Water	598,792	640,666		
Water Debt Retirement	59,600	68,926		
Water Reserve	62,282	75,000		
Total Business Type Activities	1,759,242	1,946,831	\$133,985	\$1,520,636
Total	\$5,918,724	\$2,144,909	\$133,985	\$1,520,636

General Receipts

Property and Other Local Taxes Levied for:

- General Purposes
- Municipal Income Taxes - General Purposes
- Municipal Income Taxes - Swimming Pool
- Grants and Entitlements not Restricted to Specific Programs
- Interest
- Miscellaneous
- Bond Proceeds

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year (Restated - Note 17)

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$176,818)		(\$176,818)
(671,352)		(671,352)
(22,088)		(22,088)
(53,186)		(53,186)
(10,525)		(10,525)
(318,535)		(318,535)
(74,151)		(74,151)
(934,414)		(934,414)
(45,714)		(45,714)
<u>(2,306,783)</u>		<u>(2,306,783)</u>
	\$79,589	79,589
	176	176
	6,068	6,068
	(2,644)	(2,644)
	31,183	31,183
	7,234	7,234
	2,065	2,065
	41,874	41,874
	9,326	9,326
	12,718	12,718
	<u>187,589</u>	<u>187,589</u>
<u>(2,306,783)</u>	<u>187,589</u>	<u>(2,119,194)</u>
45,156		45,156
895,100		895,100
131,898		131,898
118,989		118,989
23,982		23,982
46,660	43,917	90,577
900,000		900,000
<u>2,161,785</u>	<u>43,917</u>	<u>2,205,702</u>
(144,998)	231,506	86,508
<u>1,540,897</u>	<u>1,162,154</u>	<u>2,703,051</u>
<u>\$1,395,899</u>	<u>\$1,393,660</u>	<u>\$2,789,559</u>

**VILLAGE OF ADA
HARDIN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2010**

	<u>General</u>	<u>Street Maintenance and Repair</u>	<u>Permissive Moter Vehicle Tax</u>	<u>Swimming Pool Reserves</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$150,136	\$464,101	\$201,776	\$424,184
Total Assets	<u>150,136</u>	<u>464,101</u>	<u>201,776</u>	<u>424,184</u>
Fund Balances:				
Reserved:				
Reserved for Encumbrances	31,103	77,965		
Unreserved:				
Undesignated, Reported in:				
General Fund	119,033			
Special Revenue Funds		386,136	201,776	424,184
Capital Projects Funds				
Total Fund Balances	<u>\$150,136</u>	<u>\$464,101</u>	<u>\$201,776</u>	<u>\$424,184</u>

See accompanying notes to the basic financial statements.

Street Bond Payment	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$0	\$138,686	\$17,016	\$1,395,899
	138,686	17,016	1,395,899
	23,694	26	132,788
			119,033
		16,990	1,029,086
	114,992		114,992
\$0	\$138,686	\$17,016	\$1,395,899

**VILLAGE OF ADA
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Street Maintenance and Repair</u>	<u>Permissive Motor Vehicle Tax</u>	<u>Swimming Pool Reserves</u>
Receipts:				
Property and Other Local Taxes	\$940,258		\$14,775	\$104,458
Charges for Services	12,470	\$2,400		
Fines, Licenses and Permits	95,698			
Intergovernmental	130,391	117,164		
Special Assessments	22,263			
Interest	23,982	5,128	2,021	
Miscellaneous	36,276	10,040		
Total Receipts	<u>1,261,338</u>	<u>134,732</u>	<u>16,796</u>	<u>104,458</u>
Disbursements:				
Current:				
General Government	240,111			
Security of Persons and Property	709,745			
Public Health Services	22,088			
Leisure Time Activities				
Community Environment	10,525			
Transportation	402,879	68,414		
Capital Outlay	17,812			
Debt Service:				
Principal Retirement	31,880	24,750		
Interest and Fiscal Charges	30,641	15,120		
Total Disbursements	<u>1,465,681</u>	<u>108,284</u>		
Excess of Receipts Over (Under) Disbursements	<u>(204,343)</u>	<u>26,448</u>	<u>16,796</u>	<u>104,458</u>
Other Financing Sources (Uses):				
Bond Proceeds				
Transfers In				
Transfers Out				(34,777)
Total Other Financing Sources (Uses)				<u>(34,777)</u>
Net Change in Fund Balances	(204,343)	26,448	16,796	69,681
Fund Balances Beginning of Year (Restated - Note 17)	<u>354,479</u>	<u>437,653</u>	<u>184,980</u>	<u>354,503</u>
Fund Balances End of Year	<u>\$150,136</u>	<u>\$464,101</u>	<u>\$201,776</u>	<u>\$424,184</u>

See accompanying notes to the basic financial statements.

Street Bond Payment	Capital Projects	Other Governmental Funds	Total Governmental Funds
		\$27,440	\$1,086,931
		50,471	65,341
			95,698
	\$1,509,232	9,500	1,766,287
			22,263
		173	31,304
		344	46,660
	<u>1,509,232</u>	<u>87,928</u>	<u>3,114,484</u>
		5,415	245,526
			709,745
			22,088
		107,616	107,616
			10,525
		6,914	478,207
	1,565,572		1,583,384
\$900,000			956,677
			45,714
<u>900,000</u>	<u>1,565,572</u>	<u>119,945</u>	<u>4,159,482</u>
<u>(900,000)</u>	<u>(56,340)</u>	<u>(32,017)</u>	<u>(1,044,998)</u>
900,000			900,000
		34,777	34,777
			(34,777)
<u>900,000</u>		<u>34,777</u>	<u>900,000</u>
	(56,340)	2,760	(144,998)
	195,026	14,256	1,540,897
<u>\$0</u>	<u>\$138,686</u>	<u>\$17,016</u>	<u>\$1,395,899</u>

**VILLAGE OF ADA
HARDIN COUNTY**

**STATEMENT OF FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Water</u>	<u>Water Reserve</u>	<u>Sewer</u>	<u>Sewer Debt Retirement</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$306,776	\$211,319	\$318,173	\$100,780	\$456,612	\$1,393,660
Total Assets	<u>306,776</u>	<u>211,319</u>	<u>318,173</u>	<u>100,780</u>	<u>456,612</u>	<u>1,393,660</u>
Net Assets:						
Unrestricted	<u>\$306,776</u>	<u>\$211,319</u>	<u>\$318,173</u>	<u>\$100,780</u>	<u>\$456,612</u>	<u>\$1,393,660</u>

See accompanying notes to the basic financial statements.

VILLAGE OF ADA
HARDIN COUNTY

STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Water	Water Reserve	Sewer	Sewer Debt Retirement	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts:						
Charges for Services	\$640,667	\$75,000	\$501,593	\$296,471	\$433,101	\$1,946,832
Other Operating Receipts	39,096		4,821			43,917
Total Operating Receipts	<u>679,763</u>	<u>75,000</u>	<u>506,414</u>	<u>296,471</u>	<u>433,101</u>	<u>1,990,749</u>
Operating Disbursements:						
Billing - Water	598,790					598,790
Billing - Sewers			422,003			422,003
Billing - Storm Sewers					11,939	11,939
Billing - Refuse Collection and Disposal					178,999	178,999
Other Sanitary Sewers and Sewage					37,687	37,687
Other Basic Utility Service					43,065	43,065
Capital Outlay					35,293	35,293
Total Operating Disbursements	<u>598,790</u>		<u>422,003</u>		<u>306,983</u>	<u>1,327,776</u>
Operating Income	80,973	75,000	84,411	296,471	126,118	662,973
Non-Operating (Disbursements):						
Principal Payments		(52,086)		(243,056)	(58,250)	(353,392)
Interest and Fiscal Charges		(10,196)		(53,239)	(14,640)	(78,075)
Total Non-Operating (Disbursements)		<u>(62,282)</u>		<u>(296,295)</u>	<u>(72,890)</u>	<u>(431,467)</u>
Change in Net Assets	80,973	12,718	84,411	176	53,228	231,506
Net Assets Beginning of Year (Restated - Note 17)	<u>225,803</u>	<u>198,601</u>	<u>233,762</u>	<u>100,604</u>	<u>403,384</u>	<u>1,162,154</u>
Net Assets End of Year	<u>\$306,776</u>	<u>\$211,319</u>	<u>\$318,173</u>	<u>\$100,780</u>	<u>\$456,612</u>	<u>\$1,393,660</u>

See accompanying notes to the basic financial statements.

VILLAGE OF ADA
HARDIN COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2010

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$13,291
Total Assets	<u>13,291</u>
Net Assets:	
Unrestricted	<u>\$13,291</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. REPORTING ENTITY

The Village of Ada, Hardin County, Ohio (the Village), is a body of 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 elected at large for four year terms. The Mayor is elected to a four-year term, and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village contracts with Ada Liberty Township Fire Department for fire protection services.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village of Ada has no component units.

C. Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in two jointly governed organizations which are the Ada Liberty Joint Ambulance District and Hardin County Regional Planning Commission, and one public entity risk pool which is the Public Entities Pool of Ohio. Notes 7 and 16 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

2. Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

1. Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Maintenance and Repair Fund, Permissive Motor Vehicle Tax Fund, Swimming Pool Reserves Fund, Street Bond Payment Fund and Capital Projects Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Street Maintenance and Repair Fund and the Permissive Motor Vehicle Tax Fund are used to account for resources restricted to repair and maintenance of Village streets. The Swimming Pool Reserve Fund is used to fund operations of the Village pool. The Street Bond Payment Fund is used to account for debt related to street improvements. The Capital Projects Fund is used to account for major capital improvements.

2. Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the Water, Water Reserve, Sewer, and Sewer Debt Retirement Funds. The Water Fund accounts for the provision of water to the residents and commercial users located within the Village. The Sewer Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. The Water Reserve Fund accounts for money set aside for water related debt obligations. The Sewer Debt Retirement Fund accounts for sewer related debt requiring a separate debt service fund.

3. Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to 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. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village has no Trust funds.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when paid rather than when a liability is incurred.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statement as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. 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 negative receipts (contra revenue), respectively.

During the year, the Village invested in federal agency securities (FHLB) through Huntington National Bank. Certificates of deposit were purchased through the CDARS program.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2010 were \$23,982 which includes \$22,501 assigned from other funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village does not have any restricted assets.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither the other financing source nor capital outlay expenditures are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for maintenance of roads and the swimming pool.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Street Maintenance and Repair Fund, Permissive Motor Vehicle Tax Fund and Swimming Pool Reserves Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The differences between the budgetary basis and the cash basis are outstanding year end. Encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

4. DEPOSITS AND INVESTMENTS

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. The CDARS program.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,684,311 of the Village's bank balance of \$1,934,311 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

B. Investments

As of December 31, 2010, the Village had the following investments which carry a AAA rating by Standard and Poor's:

	<u>Market Value</u>	<u>Maturity</u>
Federal Home Loan Bank (FHLB)	\$856,031	Less than one year

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M) (2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

5. INCOME TAXES

The Village levies a 1.15 percent income tax whose proceeds are placed into the General Fund, Swimming Pool Fund, and Swimming Pool Reserves Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 100 percent of the 1.15 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

6. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established

Public utility property tax receipts received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2008, were levied after October 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2010 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxes received in 2010 were levied after October 1, 2009, on the true value as of December 31, 2009. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2010, was \$70.05 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property - 2009 Valuation:	
Residential/Agricultural	\$37,470,950
Commercial	8,404,300
Industrial	1,878,480
Public Utilities	2,730
Tangible Personal Property – 2009 Valuation:	
General	23,260
Public Utilities	2,062,070
Total Valuation	<u>\$49,841,790</u>

7. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

7. RISK MANAGEMENT (Continued)

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2009, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009(the latest information available):

	2009
Assets	<u>\$36,374,898</u>
Liabilities	<u>(15,256,862)</u>
Net Assets	<u>\$21,118,036</u>

At December 31, 2009y, the liabilities above include approximately \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Village's share of these unpaid claims collectible in future years is approximately \$50,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

2010
<u>\$53,254</u>

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

8. DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

All Village employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan (TP) - a cost-sharing multiple-employer defined benefit pension plan. The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The Combined Plan (CO) - a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to, but less than, the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to qualifying members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. The authority to establish and amend benefits is established by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The 2010 member contribution rates were 10.0% for members in the state and local classifications.

The 2010 employer contribution for local government employer units was 14.00% of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The Village's contributions to OPERS for all employees for the years ended December 31, 2010, 2009, and 2008, were \$61,069, \$51,874, and \$43,834, respectively; 100 percent has been contributed for 2010, 2009, and 2008.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

8. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - Plan members are required to contribute 10.0 percent of their annual covered salary, employers are required to contribute 19.5% for police officers and 12.75% for pension obligations. For 2010, a portion of the Village's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment health care plan. The Village's contributions to OP&F for pension obligations were \$36,833, \$36,052 and \$34,809 for the years ended December 31, 2010, 2009 and 2008, respectively; 100 percent has been contributed for 2010, 2009 and 2008.

9. POST EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit.

Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010 local government employer units contributed at 14.0% of covered payroll.

The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

9. POST EMPLOYMENT BENEFITS (Continued)

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$34,815 \$37,567, and \$43,834, respectively; 100 percent has been contributed for 2010, 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2008. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2010, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5% of covered payroll for police employers. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units. Active members do not make contributions to the OPEB plan.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

9. POST EMPLOYMENT BENEFITS (Continued)

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2010, the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment mounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F for the years ending December 31, 2010, 2009 and 2008 for police were \$56,333, \$55,138 and \$53,237 of which \$19,500, \$19,086 and \$18,428 were allocated to the healthcare plan.

10. DEBT

A summary of the note transactions for the year ended December 31, 2010, follows:

	Interest Rate	Balance 12/31/2009	Additions	Reductions	Balance 12/31/2010
Ohio Water Development Authority (1989)	2.20%	\$ 479,478		\$ 59,477	\$ 420,001
Ohio Water Development Authority (1996)	7.89%	262,733		99,577	163,156
Ohio Water Development Authority (2000)	2.20%	1,140,182		84,003	1,056,179
Ohio Waterworks Improvement Bonds (1993)	6.00%	160,000		50,000	110,000
General Obligation Note – (2006)	5.31%	101,012		12,312	88,700
General Obligation Note – (2008)	3.36%	900,000		900,000	
*General Obligation Note – (2009)	0.00%	140,000		20,000	120,000
General Obligation Note – (2006)	3.93%	196,800		29,700	167,100
Buckeye Street Improvement Bonds – (2010)	5.29%		900,000		900,000
Streetscape Bonds – (2004)	4.50%	750,000		55,000	695,000
Total Principal Outstanding:		<u>\$4,130,205</u>	<u>900,000</u>	<u>\$1,310,069</u>	<u>\$3,720,136</u>

*This Note was omitted from the 2009 notes to the financial statements

The Ohio Water Development Authority (OWDA) loans relate to sewer system expansion projects that were mandated by the Ohio Environmental Protection Agency. The 1989, 1996 and 2000 loans will be repaid in semiannual installments over 20 years. The loans are collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the (OWDA) debt service requirements.

Ohio Water Works System 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.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

10. DEBT (Continued)

A General Obligation Note was issued in 2006 to purchase 2 lime slackers. The principal will be retired in varying annual amounts over 10 years.

A General Obligation Note was issued in 2006 to repaint the water tower. The principal will be retired in varying annual amounts over 9 years.

A General Obligation Note was issued in 2008 to purchase 119 W. Buckeye and 114 W. Buckeye Street properties which are associated with the Buckeye Street Project Phase 1. The Village entered into purchase agreements with the owners of the aforementioned Buckeye Street properties which require annual payments to the property owners; the bank loan is being utilized to finance the required payments. This is an interest only loan with a balloon payment in 2010. Buckeye Street Improvement Bonds were issued in the amount of \$900,000 during 2010 to pay off the 2008 General Obligation Note.

A General Obligation Note was issued in 2009 to purchase property. The principal will be retired in varying annual amounts over 5 years.

The Streetscape Bonds were issued in 2004 for streetscape improvements. The principal will be retired in varying annual amounts over 20 years.

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

Year	OWDA Loans	Ohio Water Works Improvement Bonds	General Obligation Note - 2006	General Obligation Note - 2006	General Obligation Note - 2009	Buckeye St. Bonds - 2010	Streetscape Bonds
2011	\$ 297,182	\$ 61,600	\$ 17,440	\$ 37,162	\$ 20,000	\$ 75,784	\$ 86,125
2012	237,984	58,300	17,444	37,138	20,000	75,891	88,650
2013	178,327		17,512	37,163	80,000	74,436	85,950
2014	178,327		17,439	37,139		72,717	83,250
2015	178,327		17,427	37,061		75,998	60,550
2016-2020	756,311		17,469			366,818	287,228
2021-2025						365,481	235,263
2026-2030						362,742	
Totals	<u>\$1,826,458</u>	<u>\$119,900</u>	<u>\$104,731</u>	<u>\$185,663</u>	<u>\$120,000</u>	<u>\$1,469,867</u>	<u>\$927,016</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and un-voted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2009, were an overall debt margin of \$3,518,388 with an un-voted debt margin of \$1,026,298.

11. LEASES

The Village leases vehicles and other equipment under non-cancelable leases. The Village disbursed \$64,293 to pay lease costs for the year ended December 31, 2010. Future lease payments are as follows:

Year	Amount
2011	\$42,388
2012	35,289
Total	<u>\$77,677</u>

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

12. INTER FUND/FUND TRANSFERS

During 2010, the Village transferred \$34,777 from the Swimming Pool Reserves Fund to the Swimming Pool Fund. Transfers from the Swimming Pool Reserves Fund to the Swimming Pool Fund represent the reallocation income tax proceeds levied for the swimming pool.

13. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

14. RELATED PARTY TRANSACTIONS

Council person Pete Lowe worked at Clemans-Nelson in Lima, Ohio. The Village of Ada had hired their company in the past on a monthly retainer for consultations regarding union and personnel matters. Mr. Lowe had previously been the person to contact but now Fred Lord has assumed those duties. He has abstained from all transactions relating to his business. In addition, Mr. Lowe is cohabitating with the Village Solicitor and abstains from any transactions that involve her. Mr. Lowe has resigned from Council effective March 2, 2011.

15. RECLASSIFICATION OF FUNDS

During 2009, the Enterprise Sewer Reserve Fund met the minimum criteria for mandatory major fund reporting but did not meet the criteria in 2010.

The effects of this reclassification are as follows:

	Enterprise Sewer Reserve	Other Enterprise Funds
Fund Balances December 31, 2009	\$132,837	\$270,543
Reclassification of Funds	(132,837)	132,837
Fund Balances January 1, 2010	\$ 0	\$403,380

16. 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 within the District and by contract to areas outside the District. Financial information can be obtained from Nancy Bucher, 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 within 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 City is represented by one member.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

16. JOINTLY GOVERNED ORGANIZATIONS (Continued)

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.

17. RESTATEMENT OF PRIOR YEAR NET ASSETS AND FUND BALANCES

Net assets and fund balances were restated at January 1, 2010, to reclassify the Equipment Fund to a more appropriate classification. Previously, the Equipment Fund was classified as an Agency Fund. This change had the following effect on net assets/fund balances as previously reported:

	Net Assets / Fund Balance December 31, 2009	Restatement to Reclassify Equipment Fund	Restated Fund Balance / Net Assets January 1, 2010
Governmental Activities	\$1,523,441	\$17,456	\$1,540,897
Business-Type Activities	1,123,154	39,000	1,162,154
General Fund	337,023	17,456	354,479
Water Fund	206,692	19,111	225,803
Sewer Fund	213,873	19 889	233,762

18. SUBSEQUENT EVENTS

The Village placed a .5% municipal income tax levy on the ballot during the spring of 2011. The levy was passed by voters and became effective July 1, 2011, increasing the income tax rate to 1.65%.

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**VILLAGE OF ADA
HARDIN COUNTY**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$894,281	\$848,306	\$940,258	\$91,952
Charges for Services	16,008	19,546	12,470	(7,076)
Fines, Licenses and Permits	84,391	80,410	95,698	15,288
Intergovernmental	1,033,690	1,936,988	130,391	(1,806,597)
Special Assessments	18,145	14,027	22,263	8,236
Interest	66,500	109,018	23,982	(85,036)
Miscellaneous	24,660	13,044	36,276	23,232
Total Receipts	<u>2,137,675</u>	<u>3,021,339</u>	<u>1,261,338</u>	<u>(1,760,001)</u>
Disbursements:				
Current:				
General Government	265,806	260,459	246,007	14,452
Security of Persons and Property	761,959	802,589	711,687	90,902
Public Health Services	22,088	22,088	22,088	
Community Environment	10,920	9,855	10,600	(745)
Transportation	378,593	360,477	426,069	(65,592)
Capital Outlay	4,500	6,951	17,812	(10,861)
Debt Service:				
Principal Retirement	990,736	1,891,156	31,880	1,859,276
Interest and Fiscal Charges			30,641	(30,641)
Total Disbursements	<u>2,434,602</u>	<u>3,353,575</u>	<u>1,496,784</u>	<u>1,856,791</u>
Excess of Receipts(Under) Disbursements	<u>(296,927)</u>	<u>(332,236)</u>	<u>(235,446)</u>	<u>96,790</u>
Fund Balance Beginning of Year	343,187	343,187	343,187	
Prior Year Encumbrances Appropriated	<u>11,292</u>	<u>11,292</u>	<u>11,292</u>	
Fund Balance End of Year	<u>\$57,552</u>	<u>\$22,243</u>	<u>\$119,033</u>	<u>\$96,790</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA
HARDIN COUNTY**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET MAINTENANCE & REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Charges for Services	\$2,225	\$2,400	\$2,400	
Intergovernmental	109,699	117,164	117,164	
Interest		5,128	5,128	
Miscellaneous	10,000	10,040	10,040	
Total receipts	<u>121,924</u>	<u>134,732</u>	<u>134,732</u>	
Disbursements:				
Current:				
Transportation	291,311	218,316	146,379	\$71,937
Principal Retirement	39,870	39,870	24,750	15,120
Interest and Fiscal Charges			15,120	(15,120)
Total Disbursements	<u>331,181</u>	<u>258,186</u>	<u>186,249</u>	<u>71,937</u>
Excess of Receipts (Under) Disbursements	<u>(209,257)</u>	<u>(123,454)</u>	<u>(51,517)</u>	<u>71,937</u>
Net Change in Fund Balance	(209,257)	(123,454)	(51,517)	71,937
Fund Balance Beginning of Year	<u>436,233</u>	<u>436,233</u>	<u>436,233</u>	
Prior Year Encumbrances Appropriated	<u>1,420</u>	<u>1,420</u>	<u>1,420</u>	
Fund Balance End of Year	<u><u>\$228,396</u></u>	<u><u>\$314,199</u></u>	<u><u>\$386,136</u></u>	<u><u>\$71,937</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA
HARDIN COUNTY**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PERMISSIVE MOTOR VEHICLE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$14,458	\$14,775	\$14,775	\$0
Interest		2,021	2,021	
Total Receipts	<u>14,458</u>	<u>16,796</u>	<u>16,796</u>	
Total Disbursements				
Excess of Receipts Over Disbursements	<u>14,458</u>	<u>16,796</u>	<u>16,796</u>	
Net Change in Fund Balance	14,458	16,796	16,796	
Fund Balance Beginning of Year	<u>184,980</u>	<u>184,980</u>	<u>184,980</u>	
Fund Balance End of Year	<u><u>\$199,438</u></u>	<u><u>\$201,776</u></u>	<u><u>\$201,776</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA
HARDIN COUNTY**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SWIMMING POOL RESERVES FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$120,662	\$104,458	\$104,458	\$0
Total Receipts	<u>120,662</u>	<u>104,458</u>	<u>104,458</u>	
Total Disbursements				
Excess of Receipts Over Disbursements	<u>120,662</u>	<u>104,458</u>	<u>104,458</u>	
Other Financing Sources (Uses):				
Other Financing Uses	<u>(6,532)</u>	<u>(34,777)</u>	<u>(34,777)</u>	
Net Change in Fund Balance	114,130	69,681	69,681	
Fund Balance Beginning of Year	<u>354,503</u>	<u>354,503</u>	<u>354,503</u>	
Fund Balance End of Year	<u><u>\$468,633</u></u>	<u><u>\$424,184</u></u>	<u><u>\$424,184</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2010**

Basis of Accounting

The budget is prepared on the same cash basis as applied to the funds in the basic financial statements.

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinances, all of which are prepared on the cash basis as required by the County Budget Commission. All funds, other than Agency Funds, are legally required to be budgeted and appropriated. The certificate of estimated resources and the appropriation ordinances are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources as certified. All changes in appropriated amounts require action by Village Council.

Tax Budget – The Hardin County Budget Commission has adopted a resolution waiving required adoption of the annual tax budget for subdivisions that file their prior year financial statement with the Commission by June 30th and which either have no public debt or which have public debt and file additional debt-related information with the Commission.

Estimated Resources – Prior to October 1, the Village accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the estimated fund balance and projected revenue of each fund. Prior to December 31, the Village must revise its budget so that total contemplated expenditures/expenses from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about January 1, the certificate is amended to include the actual unencumbered fund balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the fiscal officer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during 2010.

Appropriations – By March 31, the annual appropriation ordinance must be legally enacted by the Village at the fund level which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Village may pass a temporary appropriation measure to meet the ordinary expenses of the Village. The appropriation ordinance, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation or alter total appropriations within an object of a department must be approved by Village Council. Council may pass supplemental fund appropriations so long as the total appropriation by fund does not exceed the amounts set forth in the most recent amended certificate of estimated resources. During the year, several supplemental appropriations were adopted. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

Budgeted Level of Expenditure/Expense – Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures/expenses plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made by fund.

Lapsing of Appropriations - Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

VILLAGE OF ADA
HARDIN COUNTY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)

Budgetary Process (Continued)

Encumbrances – Encumbrance accounting is utilized by Village funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. Encumbrances outstanding at year end appear as a reserve to the fund balance and as the equivalent of expenditures on the budgetary comparison in order to demonstrate legal compliance. This encumbrance authority is carried forward to the next fiscal year and is reported in the “Revised Budget” amount for budgetary comparisons. If the actual expenditures are less than the amount encumbered, the excess reserve is closed to the unreserved fund balance.

VILLAGE OF ADA
HARDIN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 2010

Federal Grantor Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF TRANSPORTATION <i>(Passed through Ohio Department of Transportation)</i>			
Highway Planning and Construction	N/A	20.205	<u>\$940,606</u>
Total Federal Awards Expenditures			<u><u>\$940,606</u></u>

See accompanying notes to the schedule of federal awards expenditures.

**VILLAGE OF ADA
HARDIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Village of Ada (the Village) federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the Village contribute non-Federal funds (match funds) to support the Federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-Federal matching funds is not included in the Schedule.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' 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 Avenue
P.O. Box 292
Ada, Ohio 45810

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Ada, Hardin County, (the Village) as of and for the year ended December 31, 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 9, 2011. As disclosed in Note 17, the Village restated the January 1, 2010 net assets of the Governmental Activities and Business-Type Activities and the fund balances of the General, Water, and Sewer Funds. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-01 described in the accompanying schedule of findings to be a material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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, providing an opinion 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 that we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 9, 2011.

We intend this report solely for the information and use of management, the Village Council, federal awarding agencies and pass-through entities and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 9, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Village Council:

Compliance

We have audited the compliance of the Village of Ada, (the Village), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Village's major federal program. The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to the major federal program. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village of Ada complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

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www.auditor.state.oh.us

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the management, Village Council, others within the Village, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

September 9, 2011

VILLAGE OF ADA
HARDIN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Highway Planning and Construction – CFDA 20.205
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2010-01

Material Weakness

Recording of Financial Activity

The Village should have procedures in place to help assure the proper recording of financial activity in the accounting records and financial statements and to assist in the effective management and reporting of financial resources. The Village had the following classification errors in the accounting records and/or financial statements:

Opinion Unit	Amount	Village Classification	Proper Classification
Governmental Activities and General Fund	\$30,621	Debt - Principal	Debt - Interest
Governmental Activities and General Fund	\$13,861	Debt – Principal	Capital Outlay
Governmental Activities and Street Maintenance & Repair Fund	\$15,120	Debt - Principal	Debt - Interest
Enterprise Water Reserve Fund	\$10,196	Debt - Principal	Debt - Interest
Enterprise Sewer Debt Retirement	\$53,239	Debt - Principal	Debt - Interest
Other Enterprise Funds	\$35,289	Debt – Principal	Capital Outlay
Governmental Activities	\$95,698	General Revenue – Fines, Licenses and Permits	Program Revenue – Charges for Services
Governmental Activities	\$126,664	General Revenue – Intergovernmental	Program Revenue – Operating Grants
Governmental Activities	\$7,321	General Revenue – Interest	Program Revenue – Charges for Services
Governmental Activities	\$14,775	General Revenue – Property and Other Local Taxes	Program Revenue – Charges for Services
Governmental Activities	\$54,430	General Revenue – Property and Other Local Taxes	Program Revenue – Charges for Services
Governmental Activities	\$1,101,028	Transfers In and Out (within GTA)	Should be eliminated on Government Wide Statements
Governmental Activities	\$4,153	Revenue Excluded from Government Wide Statements	Program Revenue - Charges for Services
Governmental Activities	\$2,020	Revenue Excluded from Government Wide Statements	Program Revenue – Operating Grants

**FINDING NUMBER 2010-01
(Continued)**

In addition to the classification errors described above, the following errors and omissions were identified in the Village's financial statements, Management's Discussion and Analysis (MD&A) and note disclosures:

- The governmental fund financial statements presented General Fund special cost centers as other governmental funds. As a result receipts in the amount of \$999,342, disbursements in the amount of \$1,171,266, beginning net assets in the amount of (\$232,248), and ending net assets in the amount of \$25,207 were adjusted from Other Governmental Funds to the General Fund. These adjustments subsequently resulted in an adjustment to eliminate \$1,066,252 of intra fund transfers.
- The Village's Management's Discussion and Analysis (MD&A) did not include comparisons to prior (2009) year amounts.
- The financial statement notes omitted information such as the amount of interest revenue assigned to the General Fund from other Village funds, and the Village's contributions to retirement systems for 2010, 2009 and 2008.
- At December 31, 2010, the Village's financial statements had \$67,675 recorded in an Agency Fund which had to be reallocated to the appropriate governmental and enterprise funds. Adjusting entries were required to increase beginning balances for the General (\$17,456), Water (\$19,111) and Sewer (\$19,889) funds in order to properly reclassify 2010 beginning balances. In addition, adjustments were required to reduce disbursements in the amount of \$5,554 in the Water Fund and \$5,665 in the Sewer Fund to eliminate transactions posted to move money from these funds to the Agency Fund during 2010. The amounts requiring adjustment to beginning balances and to expenditures had been moved from the General Fund, Water Fund and Sewer Fund during the period from 2004 through 2010 and placed into the Agency Fund without Council approval in the form of a resolution or ordinance.

The failure to accurately record transactions and prepare complete MD&A and note disclosures may not only impact the users' understanding of the financial operations, it may also inhibit the Village Council and management's ability to make sound financial decisions, may impact the Village's ability to comply with budgetary laws, and may result in the material misstatement of the financial statements. The accompanying MD&A, financial statements, notes, and where applicable the accounting records, have been adjusted to correct the errors identified above.

The Village Fiscal Officer should utilize the Ohio Village Manual, Auditor of State Audit Bulletins and Governmental Accounting Standards Board (GASB) Statement 34, along with other applicable GASB statements guidance, to help reduce the risk of reporting errors in the accounting records, MD&A, financial statements, and notes. The Village's Fiscal Officer and Council Members should also perform a periodic review of the accounting records and financial reports to help identify financial recording errors. If the Village intends to set aside money for future capital acquisitions, the amounts set a-side should be established in accordance with Ohio Rev. Code Section 5705.13(C).

OFFICIALS' RESPONSE:

We did not receive a response from officials to the finding reported above.

**VILLAGE OF ADA
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2009-001	Procedures should be implemented to reduce reporting errors in the accounting records and financial statements	No	Repeated as Finding 2010-01
2009-002	Article XII, Section 5a, Ohio Const. And 1982 Op. Atty Gen No. 82-031 - interest income was not recorded in the Street Maintenance & Repair, State Highway, and Permissive Motor Vehicle License Funds	Yes	
2009-003	Ohio Rev. Code Section 5705.41(D) - expenditures not certified prior to obligation	No	Partially Corrected; this matter was included in separate letter to management.



Dave Yost • Auditor of State

VILLAGE OF ADA

HARDIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 18, 2011