



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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VILLAGE OF ADELPHI  
ROSS COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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# OHIO AUDITOR OF STATE KEITH FABER



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Village Council  
Village of Adelphi  
11759 Market Street  
PO Box 568  
Adelphi, Ohio 43101

We have reviewed the *Independent Auditor's Report* of the Village of Adelphi, Ross County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

### Finding for Recovery – Supporting Documentation

*State ex rel. McClure v. Hagerman*, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a “proper public purpose” rests with the judgement of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditures of Public Funds/Proper “Public Purpose” states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

The Village did not provide supporting documentation for the following expenditures to substantiate that the payments were for a proper public purpose.

Date	Fund	Payee	Amount
7/11/2020	General	Real Truck	\$ 99
7/12/2020	Sewer Operating	Amazon.Com	61
10/10/2020	Sewer Operating	Postmaster	6
2/11/2019	Sewer Operating	Sunbelt Rentals	2,722
4/06/2019	Permissive MVL	Young’s Food Town	133
6/09/2019	General	Menards	164
Total			\$3,185

Village Council  
Village of Adelphi  
11759 Market Street PO Box 568  
Adelphi, Ohio 43101  
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In accordance with the forgoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Art Wilson, Former Fiscal Officer, and his bonding company, Ohio Plan Risk Management, Inc, in the amount of \$3,185 and in favor of the Village of Adelphi's General Fund in the amount of \$263; in favor of the Village of Adelphi's Permissive Motor Vehicle Fund in the amount of \$133; and in favor of the Village of Adelphi's Sewer Operating Fund in the amount of \$2,789.

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



Keith Faber  
Auditor of State  
Columbus, Ohio

February 03, 2022

**Village of Adelphi**  
**Ross County, Ohio**  
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*For the Years Ended December 31, 2020 and 2019*

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**INDEPENDENT AUDITOR'S REPORT**

Village of Adelphi  
Ross County  
11759 Market Street  
P.O. Box 568  
Adelphi, Ohio 43101

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Adelphi, Ross County, Ohio (the Village).

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 13 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



BHM CPA Group, Inc.  
Piketon, Ohio  
November 24, 2021



**VILLAGE OF ADELPHI  
ROSS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 2,885	\$ 1,862	\$ 4,747
Municipal Income Tax	38,985	-	38,985
Intergovernmental	25,940	25,342	51,282
Fines, Licenses and Permits	3,987	-	3,987
Earnings on Investments	11	4	15
Miscellaneous	5,135	-	5,135
	<i>Total Cash Receipts</i>	27,208	104,151
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	13,563	3,537	17,100
Transportation	-	16,654	16,654
General Government	37,357	-	37,357
Capital Outlay	-	500	500
	<i>Total Cash Disbursements</i>	20,691	71,611
	<i>Net Change in Fund Cash Balances</i>	6,517	32,540
	<i>Fund Cash Balances, January 1</i>	22,227	37,077
	<i>Fund Cash Balances, December 31</i>	\$ 28,744	\$ 69,617

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

**VILLAGE OF ADELPHI  
ROSS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$151,775
<i>Total Operating Cash Receipts</i>	151,775
<b>Operating Cash Disbursements</b>	
Personal Services	16,029
Employee Fringe Benefits	3,401
Other	68,439
<i>Total Operating Cash Disbursements</i>	87,869
<i>Operating Income</i>	63,906
<b>Non-Operating Receipts (Disbursements)</b>	
Principal Retirement	(58,852)
Interest and Other Fiscal Charges	(11,399)
<i>Total Non-Operating Receipts (Disbursements)</i>	(70,251)
<i>Net Change in Fund Cash Balances</i>	(6,345)
<i>Fund Cash Balances, January 1</i>	49,290
<i>Fund Cash Balances, December 31</i>	\$42,945

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

**Village of Adelphi, Ohio**  
*Ross County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 - Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Adelphi, Ross County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services and sewer utilities. The Village contracts with the Ross County Sheriff's department to provide security of persons and property. The Village contracts with Colerain Township for fire and emergency medical services.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

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

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

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

***Sewer Fund*** This fund receives charges for services from residents to cover sewer service costs.

***Basis of Accounting***

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

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

**Village of Adelphi, Ohio**  
Ross County  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Budgetary Process***

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

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

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

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

A summary of 2020 budgetary activity appears in Note 4.

***Deposits and Investments***

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

The Village values certificates of deposit at cost.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**Village of Adelphi, Ohio**  
*Ross County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Property, Plant, and Equipment**

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

**Note 3 – Deposits and Investments**

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

	2020
Demand deposits	\$40,841
Certificates of deposit	71,721
Total deposits	\$112,562

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Note 4 – Budgetary Activity**

Budgetary activity for the years ending December 31 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	*	\$76,943	*
Special Revenue	*	27,208	*
Enterprise	*	151,775	*
Total	*	\$255,926	*

**Village of Adelphi, Ohio**  
*Ross County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	*	\$57,055	*
Special Revenue	*	20,691	*
Enterprise	*	158,120	*
Total	*	\$235,866	*

\*The Village did not file appropriations with the County Auditor in 2020; therefore, the Village did not receive a certificate of estimated resources.

**Note 5 – Property Tax**

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

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

**Note 6 – Income Tax**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Income tax collections are processed by the Regional Income Tax Agency (RITA). RITA collects the income tax payments on-behalf of the Village and remits the payments to the Village monthly. The tax payments received from RITA are recorded in the accompanying financial statements as municipal income tax receipts.

Employers within the Village withhold income tax on employee compensation and remit the tax to RITA either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 7 - Debt**

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
OWDA Loan #2657	\$ 40,823	2.2%
OWDA Loan #4227	628,761	1.0%
OWDA Loan #4959	371,516	1.0%
OPWC Loan #CT47L	133,141	0.0%
Total	\$ 1,174,241	

**Village of Adelphi, Ohio**  
*Ross County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

The Ohio Water Development Authority (OWDA) loans relate to sewer projects the Ohio Environmental Protection Agency mandated. The Village will repay loan #2657 in semiannual installments of \$3,650, including interest, over 20 years. The Village will repay loan #4227 in semiannual installments of \$20,716, including interest, over 30 years. Loan #4959 will be repaid in semiannual installments of \$10,759, including interest, over 30 years.

Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission loan relates to sewer projects the Ohio Environmental Protection Agency mandated. The Village will repay the interest-free loan in semiannual installments of \$3,247 over 30 years.

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

Year ending December 31:	OWDA <u>Loan #2657</u>	OWDA <u>Loan #4227</u>	OWDA <u>Loan #4959</u>	OPWC <u>Loan</u>
2021	\$ 7,300	\$ 41,432	\$ 21,518	\$ 6,494
2022	7,300	41,432	21,518	6,494
2023	7,300	41,432	21,518	6,494
2024	7,300	41,432	21,518	6,494
2025	7,300	41,432	21,518	6,494
2026-2030	7,300	207,160	107,590	32,470
2031-2035	-	207,160	107,590	32,470
2036-2040	-	62,148	86,072	32,470
2041-2045	-	-	-	3,261
Total	<u>\$ 43,800</u>	<u>\$ 683,628</u>	<u>\$ 408,842</u>	<u>\$133,141</u>

**Note 8 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

***Social Security***

Several Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**Village of Adelphi, Ohio**  
*Ross County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 9 – Postemployment Benefits**

**Ohio Public Employees Retirement System**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

**Note 10 – Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 11 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	<u>\$ 6,135</u>
<i>Total</i>	<u><u>\$ 6,135</u></u>

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.



**Village of Adelphi, Ohio**  
*Ross County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 12 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

The effect of this change had no effect on the Village's beginning cash balances.

**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investments fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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**VILLAGE OF ADELPHI  
ROSS COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 3,394	\$ 2,035	\$ 5,429
Municipal Income Tax	35,871	-	35,871
Intergovernmental	25,154	20,664	45,818
Fines, Licenses and Permits	4,568	-	4,568
Earnings on Investments	14	5	19
Miscellaneous	4,384	-	4,384
	<u>73,385</u>	<u>22,704</u>	<u>96,089</u>
<i>Total Cash Receipts</i>			
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	15,808	4,118	19,926
Transportation	-	18,092	18,092
General Government	42,787	-	42,787
Capital Outlay	30,747	10,073	40,820
	<u>89,342</u>	<u>32,283</u>	<u>121,625</u>
<i>Total Cash Disbursements</i>			
	<u>(15,957)</u>	<u>(9,579)</u>	<u>(25,536)</u>
<i>Net Change in Fund Cash Balances</i>			
	<u>30,807</u>	<u>31,806</u>	<u>62,613</u>
<i>Fund Cash Balances, January 1</i>			
<b>Fund Cash Balances, December 31</b>			
Restricted	-	22,227	22,227
Unassigned	14,850	-	14,850
	<u>14,850</u>	<u>-</u>	<u>14,850</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 14,850</u>	<u>\$ 22,227</u>	<u>\$ 37,077</u>

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

**VILLAGE OF ADELPHI  
ROSS COUNTY**

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

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$148,522
<i>Total Operating Cash Receipts</i>	148,522
<b>Operating Cash Disbursements</b>	
Personal Services	20,987
Employee Fringe Benefits	3,339
Other	87,617
<i>Total Operating Cash Disbursements</i>	111,943
<i>Operating Income</i>	36,579
<b>Non-Operating Receipts (Disbursements)</b>	
Principal Retirement	(64,688)
Interest and Other Fiscal Charges	(12,057)
<i>Total Non-Operating Receipts (Disbursements)</i>	(76,745)
<i>Net Change in Fund Cash Balances</i>	(40,166)
<i>Fund Cash Balances, January 1</i>	89,456
<i>Fund Cash Balances, December 31</i>	\$49,290

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

**Village of Adelphi, Ohio**  
*Ross County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 - Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Adelphi, Ross County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services and sewer utilities. The Village contracts with the Ross County Sheriff's department to provide security of persons and property. The Village contracts with Colerain Township for fire and emergency medical services.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

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

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

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

***Sewer Fund*** This fund receives charges for services from residents to cover sewer service costs.

***Basis of Accounting***

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

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

**Village of Adelphi, Ohio**  
*Ross County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Budgetary Process***

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

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

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

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 4.

***Deposits and Investments***

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

The Village values certificates of deposit at cost.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**Village of Adelphi, Ohio**  
*Ross County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Property, Plant, and Equipment**

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

**Note 3 – Deposits and Investments**

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

	2019
Demand deposits	\$12,084
Certificates of deposit	74,283
Total deposits	\$86,367

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Note 4 – Budgetary Activity**

Budgetary activity for the years ending December 31 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	*	\$73,385	*
Special Revenue	*	22,704	*
Enterprise	*	148,522	*
Total	*	\$244,611	*

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	*	\$89,342	*
Special Revenue	*	32,283	*
Enterprise	*	188,688	*
Total	*	\$310,313	*

\*The Village did not file appropriations with the County Auditor in 2019; therefore, the Village did not receive a certificate of estimated resources.

**Village of Adelphi, Ohio**  
*Ross County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 5 – Property Tax**

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

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

**Note 6 – Income Tax**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Income tax collections are processed by the Regional Income Tax Agency (RITA). RITA collects the income tax payments on-behalf of the Village and remits the payments to the Village monthly. The tax payments received from RITA are recorded in the accompanying financial statements as municipal income tax receipts.

Employers within the Village withhold income tax on employee compensation and remit the tax to RITA either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 7 - Debt**

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
OWDA Loan #2657	\$47,121	2.2%
OWDA Loan #4227	663,644	1%
OWDA Loan #4959	389,187	1%
OPWC Loan #CT47L	133,141	0%
Total	\$1,233,093	

The Ohio Water Development Authority (OWDA) loans relate to sewer projects the Ohio Environmental Protection Agency mandated. The Village will repay loan #2657 in semiannual installments of \$3,650, including interest, over 20 years. The Village will repay loan #4227 in semiannual installments of \$20,716, including interest, over 30 years. Loan #4959 will be repaid in semiannual installments of \$10,759, including interest, over 30 years.

Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission loan relates to sewer projects the Ohio Environmental Protection Agency mandated. The Village will repay the interest-free loan in semiannual installments of \$3,247 over 30 years.



**Village of Adelphi, Ohio**  
*Ross County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

Year ending December 31:	OWDA Loan #2657	OWDA Loan #4227	OWDA Loan #4959	OPWC Loan
2020	\$7,300	\$41,432	\$21,518	\$6,494
2021	7,300	41,432	21,518	6,494
2022	7,300	41,432	21,518	6,494
2023	7,300	41,432	21,518	6,494
2024	7,300	41,432	21,518	6,494
2025-2029	14,600	207,160	107,590	32,470
2030-2034		207,160	107,590	32,470
2035-2039		103,580	107,590	32,470
2040-2044				3,261
Total	<u>\$51,100</u>	<u>\$725,060</u>	<u>\$430,360</u>	<u>\$133,141</u>

**Note 8 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

***Social Security***

Several Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Note 9 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

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

**Village of Adelphi, Ohio**  
*Ross County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 10 – Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Adelphi  
Ross County  
11759 Market Street  
P.O. Box 568  
Adelphi, Ohio 43101

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Adelphi, Ross County, (the Village) and have issued our report thereon dated November 24, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

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

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

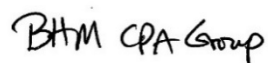
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001, 2020-002 and 2020-005 to be 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 financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2020-002 through 2020-004.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



BHM CPA Group, Inc.  
Piketon, Ohio  
November 24, 2021

<p><b>Village of Adelphi</b>  <b>Ross County</b>  <b>Schedule of Findings</b>  <b>December 31, 2020 and 2019</b></p>
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<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS  REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b></p>
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<b>FINDING NUMBER</b>	<b>2020-001</b>
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**MATERIAL WEAKNESS**

Sound financial reporting is the responsibility of the fiscal officer and Village Council and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Village’s internal controls over financial reporting. Misstatements were identified in the following areas for both 2019 and 2020:

- General Fund: Intergovernmental receipts, Property Tax receipts, Income Tax receipts, Miscellaneous receipts, Capital Outlay disbursements & Fund Balances
- Special Revenue Funds: Capital Outlay Disbursements & Fund Balances.
- Enterprise Fund: Principal and Interest disbursements, Other Disbursements, Charges for Services, and Special Assessment receipts.

To ensure the Village’s financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Village Officer’s Handbook for guidance on the correct line item to post various receipts and expenditures of the Village.

**Officials’ Response:** We did not receive a response from Officials to this finding.

<b>FINDING NUMBER</b>	<b>2020-002</b>
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**NONCOMPLIANCE / MATERIAL WEAKNESS**

Ohio Rev. Code Section 149.351(A) requires that all records which are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided under Section 149.38 to 149.42 of the Ohio Revised Code.

For the year ended December 31, 2019, fifty-six percent of disbursements selected for testing lacked supporting documentation. Twenty-nine percent of those disbursements tested could not be determined to be for a proper public purpose or paid from an appropriate fund due to lack of supporting documentation. This resulted in the inability to determine whether expenditures were appropriate/allowable.

For the year ended December 31, 2020, twenty-one percent of disbursements selected for testing lacked supporting documentation. Eighteen percent of those disbursements tested could not be determined to be for a proper public purpose or paid from an appropriate fund due to lack of supporting documentation. This resulted in the inability to determine whether expenditures were appropriate/allowable.

We recommend the Village require all supporting documentation to be maintained in order for the Village to ensure that all expenditures are accurate and appropriate.

**Officials’ Response:** We did not receive a response from Officials to this finding.

**Village of Adelphi**  
**Ross County**  
**Schedule of Findings**  
**December 31, 2020 and 2019**

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

<b>FINDING NUMBER</b>	<b>2020-003</b>
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**NONCOMPLIANCE**

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit shall: “Make any expenditure of money unless it has been appropriated as provided in such chapter.”

Ohio Revised Code Section 5705.39 states that “No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate.”

During the audit period, it was noted that appropriations were not filed with the County Auditor in 2020 or 2019. Failure to file appropriations with the County Auditor renders the appropriations ineffective according to Ohio law, resulting in illegal expenditures.

Upon passing an appropriation measure, the Village’s budget commission should seek to file the appropriations with the County Auditor and obtain an official estimate of resources.

**Officials’ Response:** We did not receive a response from Officials to this finding.

<b>FINDING NUMBER</b>	<b>2020-004</b>
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**NONCOMPLIANCE**

Criteria: ORC Section 145.47(A) states that “Each public employee who is a contributor to the public employees retirement system shall contribute eight per cent of the contributor's earnable salary to the employees' savings fund, except that the public employees retirement board may raise the contribution rate to a rate not greater than ten per cent of the employee's earnable salary.”

ORC Section 145.48(A) states that “Each employer shall pay to the public employees retirement system an amount that shall be a certain per cent of the earnable salary of all contributors to be known as the "employer contribution," except that the public employees retirement board may raise the employer contribution to a rate not to exceed fourteen per cent of the earnable salaries of all contributors.”

During the audit period, it was noted that for one Village employee, the Village failed to remit retirement withholdings to the Ohio Public Employees Retirement System (OPERS) after withholding the required 10% from each of the employee’s pays. Furthermore, the Village failed to remit the required 14% employer share to OPERS for each of the employee’s pays. We calculated the total employee amount due to OPERS at \$1,528.69 and the total employer share at \$2,140.17 for a total of \$3,668.86.

The Village should inform OPERS of the total amounts due in both employee withholdings and employer share. In the future, the Village should report all employees to OPERS and properly submit all required reports as well as timely remit all withholdings and employer amounts per the Ohio Revised Code.

**Officials’ Response:** We did not receive a response from Officials to this finding.

**Village of Adelphi  
Ross County  
Schedule of Findings  
December 31, 2020 and 2019**

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

**FINDING NUMBER**

**2020-005**

**MATERIAL WEAKNESS**

We noted that the Village improperly carried incorrect account balances on its bank reconciliations throughout 2019 and 2020. During 2019, the Village recorded a receipt for the full maturity amount of a certificate of deposit when only a receipt for additional interest received during the period should have been recorded. The total receipt recorded was for \$20,939, while a receipt should only have been recorded at \$510 to recognize interest received. Furthermore, during 2019, a certificate of deposit was cashed in to purchase a dump truck, but no disbursement was recorded in the accounting system. A disbursement should have been recorded in the amount of \$40,747. This resulted in audit adjustments to true up certificate of deposit balances.

Untimely recording of transactions and inaccurate reconciliations reduce management's ability to monitor of Village assets and funds and increases the risk that errors, theft or fraud could occur and not be detected in a timely manner.

We recommend the Village address the above out of balance conditions and ensure that monthly reconciliations are performed timely and all variances between the book and the bank are identified and resolved during the reconciliation process. We also recommend that the monthly reconciliations be included in the financial packet presented to Council and that Council review and sign off on these reconciliations noting this review and approval. We further recommend that all transactions be posted to the accounting system timely.

**Officials' Response:** We did not receive a response from Officials to this finding.

**Village of Adelphi**  
**Ross County**  
**Schedule of Prior Audit Findings**  
**December 31, 2020 and 2019**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2018-001	Material Weakness – Financial Reporting	No	Reissued as 2020-001
2018-002	Noncompliance – ORC 5705.41(D)	Yes	
2018-003	Material Weakness – Reconciliations	No	Reissued as 2020-005



# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF ADELPHI**

**ROSS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/15/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)