
ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

VILLAGE OF ADENA

JEFFERSON COUNTY, OHIO

AAAA
REGULAR AUDIT

For the Years Ended

December 31, 2020 and 2019

Karen S. Alger, CPA, CGFM –
Managing Partner
6927 Burgundy Ave. NW
North Canton, OH 44720
Phone (330)-354-2327
Fax (330) 768-7574

Gary L. Alger, CPA
Partner
6927 Burgundy Ave NW
North Canton, OH 44720
Phone (330) 353-5851
Fax (330) 768-7574

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAResult@ohioauditor.gov
(800) 282-0370

Village Council
Village of Adena
143 West Main Street
Adena, Ohio 43901

We have reviewed the *Independent Auditors' Report* of the Village of Adena, Jefferson County, prepared by Alger & Associates, 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:

Findings for Recovery – Partially Repaid Under Audit

Improper Expenditures

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 judgment 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 Expenditure 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.

For the period of January 1, 2014 through March 31, 2020, we identified nine payments, totaling \$2,783, issued by former Village of Adena Clerk, Roberta Gaffney that were not for a proper Village purpose. Eight payments, totaling \$2,580, were donations made to non-profit organizations for the Heritage Day Festival and for basketball camp shirts. The Village did not have authority to make these donations. Another payment, totaling \$203, was for employee and citizen gifts and not approved by Village Council.

For the period of January 1, 2015 through March 31, 2020, we identified 175 instances, totaling \$18,162, that were not for a proper public purpose, where the Village paid late fees, interest, sales tax, and tax overpayments due to Ms. Gaffney's gross negligence, as follows:

	Amount	# of Instances
Sales Tax	\$ 566	22
Late Fees	\$ 5,192	111
Interest	\$ 7,116	34
Ineligible 941-X Refunds	\$ 5,288	8
Total Improper Amounts	\$18,162	175

We noted seven payments, totaling \$2,993, issued by Ms. Gaffney to multiple vendors for personal vehicle repairs for Village employee, Joseph Bizic, during the period of January 1, 2017 through March 31, 2020. In addition, we identified 17 instances where Mr. Bizic's payroll was not properly calculated, resulting in a \$153 overpayment.

Improper Payroll Expenditures

Ohio Admin. Code § 117-2-01(D)(1) requires, in part, that entities ensure that all transactions are properly authorized in accordance with management's policies. During the Period, January 1, 2017 through March 31, 2020, the Village processed payroll either weekly for hourly employees, or bi-weekly or monthly for salaried employees. Village employees prepared time cards weekly, and Ms. Gaffney recorded the time card information into the payroll ledgers, and calculated and processed the employees amount paid and deductions. Ms. Gaffney was also responsible for reconciling payroll expenditures to the payroll ledgers. The Village Council President, Mark Anderson, served as the second signer of payroll and non-payroll checks.

We identified nine payments, totaling \$4,079, to Ms. Gaffney which contained variances between Ms. Gaffney's approved payroll and the amount paid. These payments were unauthorized and improper. One payment to Ms. Gaffney was a \$2,400 bonus; however, the bonus was not approved by Council. In addition, the money was later used by Ms. Gaffney as a reimbursement to the Village for a finding for recovery issued against her in the Village's 2017-2018 financial audit.

Missing Utility Receipts

Ohio Admin. Code § 117-2-01(D)(4) requires, in part, that entities plan for adequate segregation of duties or compensating controls. During the Period, July 1, 2017 through March 31, 2020, the Village received water and sewer utility payments either through the mail, in-person at the Village, or at a local bank. The Water and Sewer Clerk (Clerk) collected in-person customer payments at the Village. Ms. Gaffney also collected in-person customer payments in the absence of the Clerk. A written receipt for payment was only provided to the customer upon request. The Clerk entered the water and sewer utility payments to the customer's account and printed daily batch reports. The Clerk provided the utility receipts and batch reports to Ms. Gaffney, who entered the utility information into the Village's accounting system, prepared the deposit, and reconciled the daily batch reports to the utility receipts collected.

We identified two utility receipts, totaling \$121, collected by Ms. Gaffney; however, the receipts were not deposited into the Village bank account.

Findings for Recovery Conclusion

As Village Clerk, Roberta Gaffney was responsible for accurate and timely processing of Village expenditures. Ms. Gaffney died on May 31, 2021 and per the Jefferson County Probate Court, there is not an estate. Additionally, Mark Anderson, former Village Council President and authorized signer of Village checks, was responsible for reviewing payments and supporting documentation to ensure expenditures were for Village purposes.

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).

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Roberta Gaffney and jointly and severally to her bonding company, The Cincinnati Insurance Company, in the amount of \$28,170, Mark Anderson in the amount of \$5,747, and Joseph Bizic in the amount of \$3,146, and for public money collected but unaccounted for is hereby issued jointly and severally against Roberta Gaffney and her bonding company, The Cincinnati Insurance Company, in the amount of \$121, and in favor of the following Village of Adena funds:

FFR By Fund	
Village of Adena Fund	Amount
General Fund	\$ 7,418
Street Fund	\$ 1
Permissive Fund	\$ 306
New Street Fund	\$ 108
Water Fund	\$ 104
Sewer Fund	\$ 217
Police Fund	\$ 37
Park Fund	\$ 7
To Be Determined Fund(s) ¹	\$20,093
Total Finding for Recovery	\$28,291

¹ The fund allocation was not readily determinable based on audit support and should be determined by the Village.

Village Council
Village of Adena
143 West Main Street
Adena, Ohio 43901
Page -4-

From August 17, 2017 to November 21, 2019, Mr. Bizic made 59 payments, totaling \$2,974, via payroll deductions. As a result, Mr. Bizic's remaining balance owed is \$171, and Ms. Gaffney and her bonding company, The Cincinnati Insurance Company, has a remaining balance of \$25,195, related to the Finding for Recovery for public monies illegally expended.

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 Adena is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

December 16, 2022

**VILLAGE OF ADENA
JEFFERSON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regular Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2020.....	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regular Cash Basis) - All Proprietary Fund Type - For the Year Ended December 31, 2020.....	4
2020 Notes to the Financial Statements.....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regular Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2019.....	15
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regular Cash Basis) - All Proprietary Fund Type - For the Year Ended December 31, 2019.....	16
2019 Notes to the Financial Statements.....	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Audit Findings	27
Schedule of Prior Audit Findings -----	37

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ALGER & ASSOCIATES, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Village of Adena
Jefferson County
143 West Main
Adena, OH 43901

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Adena, Jefferson County, Ohio (the Village) as of and for the years ended December 31, 2020 and 2019.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village'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 by fund type, and related notes of the Village of Adena, Jefferson County, as of December 31, 2020 and 2019, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in 2020's Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. In addition, as discussed in 2020's Note 13 to the financial statements, the Village adopted the changes to their cash basis-reporting model. We did not modify our opinion regarding this matter.

In addition, as described in Note 11 to the 2020 financial statements, the Village has been suffering deficit balances in the Enterprise fund since 2015, balances due to disbursements exceeding receipts, which raises substantial doubt about the Village's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 11. They do not include any adjustments that might result from the outcome of this uncertainty. 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 June 8, 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.

Karen S
Alger, CPA

Digitally signed by Karen S Alger, CPA
DN: cn=Karen S Alger, CPA, o=Alger &
Associates, Inc. ou,
email=ksalger46@att.net, c=US
Date: 2021.06.21 15:35:09 -0400

Alger & Associates, Inc.

Certified Public Accountants

North Canton, Ohio

June 8, 2021

Village of Adena, Ohio
Jefferson 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

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Property and Other Local Taxes	\$43,310	\$53,082	\$96,392
Intergovernmental	28,024	123,142	151,166
Charges for Services	-	15	15
Fines, Licenses and Permits	16,475	1,145	17,620
Earnings on Investments	1,135	0	1,135
Miscellaneous	18,967	2,945	21,912
<i>Total Cash Receipts</i>	<u>107,911</u>	<u>180,329</u>	<u>288,240</u>
Cash Disbursements			
Current:			
Security of Persons and Property	15,118	35,402	50,520
Public Health Services	158	-	158
Leisure Time Activities	3,089	13,904	16,993
Basic Utility Services	-	73,736	73,736
General Government	71,920	-	71,920
Capital Outlay	7,500	-	7,500
Debt Service:			
Redemption of Principal	12,883	2,722	15,605
Interest and Other Fiscal Charges	723	-	723
<i>Total Cash Disbursements</i>	<u>111,391</u>	<u>125,764</u>	<u>237,155</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,480)</u>	<u>54,565</u>	<u>51,085</u>
Other Financing Receipts (Disbursements)			
Transfers Out	(10,000)	-	(10,000)
Advance Out	(23,921)	-	(23,921)
Other Financing Sources	-	244	244
Other Financing Uses	-	(42,953)	(42,953)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(33,921)</u>	<u>(42,709)</u>	<u>(76,630)</u>
<i>Net Change in Fund Cash Balances</i>	(37,401)	11,856	(25,545)
<i>Fund Cash Balances , January 1</i>	<u>94,214</u>	<u>138,677</u>	<u>232,891</u>
<i>Fund Cash Balances , December 31</i>	<u>\$56,813</u>	<u>\$150,533</u>	<u>\$207,346</u>

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

Village of Adena, Ohio
Jefferson County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
All Proprietary Fund Type
For the Year Ended December 31, 2020

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$435,846
	<u>435,846</u>
<i>Total Operating Cash Receipts</i>	<u>435,846</u>
Operating Cash Disbursements	
Personal Services	47,337
Employee Fringe Benefits	59,708
Contractual Services	310,991
Supplies and Materials	16,782
Other	10,886
	<u>445,704</u>
<i>Total Operating Cash Disbursements</i>	<u>445,704</u>
<i>Operating Income (Loss)</i>	<u>(9,858)</u>
Non-Operating Receipts (Disbursements)	
Loan Debt Proceeds	93,345
Capital Outlay	(93,345)
Principal Retirement	(76,139)
Interest and Other Fiscal Charges	(19,790)
	<u>(95,929)</u>
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>(95,929)</u>
<i>Income (Loss) before Transfers</i>	(105,787)
Transfers In	10,000
Advance In	23,921
	<u>33,921</u>
<i>Net Change in Fund Cash Balances</i>	(71,866)
<i>Fund Cash Balances, January 1</i>	<u>(71,838)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$143,704)</u></u>

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

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The Village of Adena (the Village), Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, street maintenance and repair, water and sewer utilities, park operations, and police services. The Village is a member of the Short Creek Joint Fire District which provides fire protection and emergency medical services.

Public Entity Risk Pools

The Village participates in the Ohio Municipal Joint Self-Insurance Pool a public entity risk pool. Notes 7 to the financial statements provides additional information for these entities.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repairing of streets within the Village.

Police Protection Fund – This fund accounts for and reports tax levy transactions restricted for operation of the Police Department.

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies *(continued)*

New Street Construction/Improvement Fund – This fund accounts for and reports tax levy transactions restricted for construction, maintenance, and repairing of streets within the Village.

Coronavirus Relief Fund – This fund receives COVID-19 relief fund money, from Federal Government, to be used for community businesses, individuals and nonprofit businesses that have COVID-19 related expenses.

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

Sewer Project Fund - The sewer project fund accounts for loan proceeds from the Ohio Water Development Authority and grants from Ohio Public Works Commission and Community Development Block Grant restricted to the finance a sewer facility improvement.

Basis of Accounting

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

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

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. Unencumbered appropriations lapse at year end.

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

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (continued)

Budgetary Process (continued)

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. The Village did not encumber all commitments required by Ohio law.

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.

Capital Assets

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

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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies *(continued)*

Fund Balance *(continued)*

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 12.

Note 3 - Compliance

Contrary to ORC 5705.10 (H), the Village had negative cash fund balances in the following funds at December 31, 2020:

Enterprise Fund	
OWDA Loan Fund	\$72,128
OWDA Sewer Fund	\$93,756

Contrary to ORC 5705.41(B), prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations.

Contrary to ORC 5705.41(D), the Village, had purchases made prior to commitments of funds.

Note 4 - Budgetary Activity

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$97,960	\$107,911	\$9,951
Special Revenue	267,940	180,573	(87,367)
Enterprise	758,140	539,191	(218,949)
Total	\$1,124,040	\$827,675	(\$296,365)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$111,715	\$129,141	(\$17,426)
Special Revenue	142,523	171,338	(28,815)
Enterprise	491,819	635,683	(143,864)
Total	\$746,057	\$936,162	(\$190,105)

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The bank balances at December 31, 2020 were as follows:

	2020
Demand deposits	<u>\$63,642</u>

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution; or collateralized by the financial institution's public entity deposit pool.

Note 6 – Taxes

Property Taxes

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

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

Note 7 - Risk Management

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2020, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 - Risk Management (continued)

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2020.

Assets	\$ 940,409
Liabilities	(359,749)
Accumulated Surplus	\$ 580,660

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Village's 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. 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.

Note 9 - Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #3755	\$160,520	2.00%
Ohio Water Development Authority Loan #8153	43,310	3.00%
Ohio Water Development Authority Loan #6442	876,223	1.50%
Ohio Water Development Authority Loan #8152	43,226	3.00%
Consumer National Bank Note	4,044	5.75%
Total	<u>\$1,127,323</u>	

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Debt *(continued)*

The Ohio Water Development Authority (OWDA) loan #3755, issued in 2002, relates to water and sewer planning and construction projects. OWDA approved \$915,606 in loans to the Village for this project. Since 2017, OWDA has accessed capitalization interest and late fees to the Village’s loan. In 2020, the Village paid \$28.70 of late fees. The Village will repay the loan in semiannual installments. The water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

OWDA Loan #8153 was a loan restructure and refinance in calendar year 2018 of Loan #3755 due to the Village not able to pay the loan payments in 2018 for the amount of \$52,619.

OWDA Loan #6442, issued in 2013, relates to a loan for sewer improvements mandated by the EPA. OWDA approved a loan of \$910,851 and an additional loan in 2018 of \$93,345 for a total loan amount of \$1,004,196 to the Village for this project. In 2020, the Village paid late fees of \$23.30. The Village will repay the loan in semiannual installments. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

OWDA Loan #8152 was a loan restructure and refinance in calendar year 2018 of Loan #6442 due to the Village not able to pay the loan payments in 2018 for the amount of \$49,782.

The Consumers National Bank [prior bank name People Bank] promissory note was issued as a general-purpose business note in 2016. The Village’s taxing authority collateralized the note and will be paid-off in 2021.

Amortization

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

Year Ending December 31:	OWDA Loan #3755	OWDA Loan #8153	OWDA Loan #6442	OWDA Loan #8152	People Bank
2021	\$41,957	\$6,130	\$42,042	\$5,799	\$4,082
2022	41,957	6,130	42,042	5,799	
2023	41,957	6,130	42,042	5,799	
2024	41,957	6,130	42,042	5,799	
2025		24,518	42,042	26,096	
2026-2030			210,212		
2031-2035			210,212		
2036-2040			210,212		
2041-2045			210,212		
Total	<u>\$167,828</u>	<u>\$49,038</u>	<u>\$1,051,058</u>	<u>\$49,292</u>	<u>\$4,082</u>

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11: Going Concern

As of December 31, 2020, the Village had negative fund balances in the Enterprise Fund; OWDA Water Loan fund \$72,128 and OWDA Sewer fund and \$93,756.

These conditions raise substantial doubt about the Village’s ability to continue as a going concern. On July 1, 2020, TriCounty Water Authority increased the water rates charged to the Village; however, the Village’s Board of Public Affairs did not pass on the increase until 2021.

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	7,750	2,621	10,371
<i>Total</i>	\$7,750	\$2,621	\$10,371

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

Note 13 – 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.

Note 14 – 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 investment portfolio fluctuates 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.

During 2020, the Village received CARES Act funding. Of the amounts received, \$45,473.37 spending all the money, reflected as Other Financing Uses in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements. The amounts were reported to OBM on January 1, 2021.

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 15 – Subsequent Events

The Village's Board of Public Affairs set a rate increase for the water and sewer rates on February 1, and on May 1, 2021, respectively.

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Village of Adena, Ohio
Jefferson 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>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Property and Other Local Taxes	\$35,021	\$44,129	\$79,150
Intergovernmental	34,794	58,332	93,126
Fines, Licenses and Permits	3,268	760	4,028
Earnings on Investments	111	-	111
Miscellaneous	36,335	-	36,335
<i>Total Cash Receipts</i>	<u>109,529</u>	<u>103,221</u>	<u>212,750</u>
Cash Disbursements			
Current:			
Security of Persons and Property	15,950	38,999	54,949
Leisure Time Activities	-	5,170	5,170
Transportation	-	49,681	49,681
General Government	107,976	-	107,976
<i>Total Cash Disbursements</i>	<u>123,926</u>	<u>93,850</u>	<u>217,776</u>
<i>Net Change in Fund Cash Balances</i>	(14,397)	9,371	(5,026)
<i>Fund Cash Balances , January 1</i>	<u>108,611</u>	<u>129,306</u>	<u>237,917</u>
Fund Cash Balances , December 31			
Restricted	-	138,677	138,677
Assigned	17,362	-	17,362
Unassigned	76,852	-	76,852
<i>Fund Cash Balances , December 31</i>	<u>\$94,214</u>	<u>\$138,677</u>	<u>\$232,891</u>

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

Village of Adena, Ohio
Jefferson County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
All Proprietary Fund Type
For the Year Ended December 31, 2019

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$401,615
Fines, Licenses and Permits	3,655
Miscellaneous	<u>18,910</u>
<i>Total Operating Cash Receipts</i>	<u>424,180</u>
Operating Cash Disbursements	
Personal Services	34,499
Contractual Services	293,799
Supplies and Materials	<u>54,766</u>
<i>Total Operating Cash Disbursements</i>	<u>383,064</u>
<i>Operating Income</i>	<u>41,116</u>
Non-Operating Receipts (Disbursements)	
Special Assessments	386
Principal Retirement	(84,256)
Interest and Other Fiscal Charges	(20,875)
Other Financing Uses	<u>(263)</u>
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>(105,008)</u>
<i>Net Change in Fund Cash Balances</i>	(63,892)
<i>Fund Cash Balances, January 1</i>	<u>(7,946)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$71,838)</u></u>

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

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Village of Adena (the Village), Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, street maintenance and repair, water and sewer utilities, park operations, and police services. The Village is a member of the Short Creek Joint Fire District which provides fire protection and emergency medical services.

Public Entity Risk Pools

The Village participates in the Ohio Municipal Joint Self-Insurance Pool a public entity risk pool. Notes 7 to the financial statements provides additional information for these entities.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

New Street Improvement Fund The street improvement fund accounts for and reports levied tax monies restricted for construction, maintenance, and repair of streets within the Village.

Police Protection Fund – This fund accounts for and reports tax levy transactions restricted for operation of the Police Department.

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies *(continued)*

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

Sewer Project Fund The sewer project fund accounts for loan proceeds from the Ohio Water Development Authority and grants from Ohio Public Works Commission and Community Development Block Grant restricted to the finance a sewer facility improvement.

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.

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. The Village did not encumber all commitments required by Ohio law.

A summary of 2019 budgetary activity appears in Note 4.

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies *(continued)*

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.

Capital Assets

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

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.

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

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

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 - Compliance

Contrary to ORC 5705.10 (H), the Village had negative cash fund balances in the following funds at December 31, 2019:

Enterprise Fund	
Sewer Operating Fund	\$51,162
OWDA Water Loan Fund	\$24,041
OWDA Sewer Loan Fund	\$45,914

Contrary to ORC 5705.38(A), the Village, did not pass permanent appropriations for 2019.

Contrary to ORC 5705.41(B), prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations.

Contrary to ORC 5705.41(D), the Village, had purchases made prior to commitments of funds.

Note 4 - Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$109,529	\$109,529
Special Revenue	0	103,221	103,221
Enterprise	0	424,566	424,566
Total	\$0	\$637,316	\$637,316

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$123,926	(\$123,926)
Special Revenue	0	93,850	(93,850)
Enterprise	0	488,458	(488,458)
Total	\$0	\$706,234	(\$706,234)

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – 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	<u>\$161,053</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 6 – Taxes

Property Taxes

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

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

Note 7 - Risk Management

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2019, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 - Risk Management *(continued)*

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2019.

Assets	\$1,582,183
Liabilities	<u>(1,087,219)</u>
Accumulated Surplus	\$494,964

Note 8 - Defined Benefit Pension Plans

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. 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

A few 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

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

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Debt

Debt outstanding at December 31, 2019 was as follows:

		<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #3755	[1]	\$198,721	2.00%
Ohio Water Development Authority Loan #8153		48,033	3.00%
Ohio Water Development Authority Loan #6442	[2]	811,689	1.50%
Ohio Water Development Authority Loan #8152		47,629	3.00%
Consumer National Bank Note		19,650	5.75%
Total		<u>\$1,125,722</u>	

[1] = accrued late fees \$28.70 and [2] = accrued late fees \$23.30

The Ohio Water Development Authority (OWDA) loan #3755, issued in 2002, relates to water and sewer planning and construction projects. OWDA approved \$915,606 in loans to the Village for this project. Since 2017, OWDA has accessed capitalization interest and late fees to the Village’s loan. In 2019, OWDA accessed late fees of \$28.70 and the Village paid \$63.14 of late fees. The Village will repay the loan in semiannual installments. The water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

OWDA Loan #8153 was a loan restructure and refinance in calendar year 2018 of Loan #3755 due to the Village not able to pay the loan payments in 2018 for the amount of \$52,619.

OWDA Loan #6442, issued in 2013, relates to a loan for sewer improvements mandated by the EPA. OWDA approved a loan of \$910,851 and an additional loan in 2018 of \$93,345 for a total loan amount of \$1,004,196 to the Village for this project. In 2019, OWDA accessed late fees of \$23.30. The Village will repay the loan in semiannual installments. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

OWDA Loan #8152 was a loan restructure and refinance in calendar year 2018 of Loan #6442 due to the Village not able to pay the loan payments in 2018 for the amount of \$49,782.

The Consumers National Bank [prior bank name People Bank] promissory note was issued as a general-purpose business note in 2016. The Village’s taxing authority collateralized the note and will be paid-off in 2021.

Village of Adena, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Debt *(continue)*

Amortization

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

Year Ending December 31:	OWDA Loan #3755	OWDA Loan #8153	OWDA Loan #6442	OWDA Loan #8152	People Bank
2020	\$41,957	\$6,130	\$42,042	\$5,799	\$16,329
2021	41,957	6,130	42,042	5,799	4,082
2022	41,957	6,130	42,042	5,799	
2023	41,957	6,130	42,042	5,799	
2024	41,957	6,130	42,042	5,799	
2025-2029		24,518	210,212	26,096	
2030-2034			210,212		
2035-2039			210,212		
2040-2045			252,254		
Total	<u>\$209,784</u>	<u>\$55,166</u>	<u>\$1,093,100</u>	<u>\$55,092</u>	<u>\$20,411</u>

Note 11 – Subsequent Events

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 investment portfolio fluctuates 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.



ALGER & ASSOCIATES, Inc.

Certified Public Accountants

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

Village of Adena
Jefferson County
143 West Main
Adena, Ohio 43901

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 by fund type of the Village of Adena, Jefferson County, (the Village) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated June 8, 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 noted, as described in Note 11, the accompanying 2020 financial statements have been prepared assuming that the Village will continue as a going concern. In addition, during 2020, we noted the Village changed their cash basis-reporting model as disclosed in Note 13 of the 2020 financial statements. Also, as disclosed in Note 14 of the 2020 financial statements' footnotes, we noted the financial impact of COVID-19 and ensuing emergency measures on 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) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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.

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

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 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. We consider findings 2020-001 through 2020-006 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2020-007 described in the accompanying schedule of findings to be a significant deficiency.

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 statement. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-001 through 2020-004.

Village's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of finding. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

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 communication is not suitable for any other purpose.

Karen S
Alger, CPA



Digitally signed by Karen S Alger, CPA
DN: cn=Karen S Alger, CPA, o=Alger &
Associates, Inc. ou,
email=ksalger46@att.net, c=US
Date: 2021.06.21 15:35:24 -0400'

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

June 8, 2021

VILLAGE OF ADENA
Jefferson County
Schedule of Findings
December 31, 2020 and 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Noncompliance Citation/Material Weakness – On-Behalf Payments

Auditor of State Bulletins 2000-008 and 2002-004 provide guidance for local governments participating in on-behalf programs with other governments as to the application of Statement No. 24 of the Governmental Accounting Standards Board. In general, when a local government enters into an on-behalf program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf disbursements are made.

There are also several budgetary compliance requirements associated with the recording of such program receipts and disbursements:

1. Ohio Revised Code Section 5705.09(F) requires the establishment of such special funds in which the legislative authority to approve, by resolution, the loan or grant or program application and must establish any fund(s) necessary to meet the loan/grant or project objectives.
2. Once the loan/grant is awarded or the application is approved, the fiscal officer must obtain an official certificate of estimated resources or an amended certificate of estimated resources for all or part of the loan or grant project, based on the expected cash disbursements to be made on the local government's behalf in the current fiscal year in accordance with Ohio Revised Code Section 5705.36(A)(3).
3. Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from making expenditures unless they have been properly appropriated; therefore, appropriations should be recorded in accordance with the terms and conditions of the loan/grant or project agreement. Ohio Revised Code Section 5705.40 requires the legislative authority to pass a resolution amending its appropriation measure prior to recording the appropriations.

The Village was the beneficiary of the Ohio Water Development Authority (OWDA) monies that were paid directly to the vendors in the amount of \$93,345 for project waste water treatment plant improvement on January 1, 2020. The Village did not record the receipts and expenditure transactions relating to these OWDA on-behalf payments, resulting in an understatement of Water Operating Fund loan proceeds receipts and capital outlay expenditures. These adjustments were made to the Village's financial statements and related notes for the year end ended December 31, 2020, in relation to these on-behalf payments.

In addition, the Village did not amend their estimated resources and appropriations to properly budget for the expected loan/grant receipts and expenditures. Ohio Revised Code Section 5705.41(B) budgetary violation for expenditures exceeding appropriations were noted for the loan expenditure in 2020 in the Sewer Operating Fund.

VILLAGE OF ADENA
Jefferson County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-001 *(continued)*

Noncompliance Citation/Material Weakness – On-Behalf Payments *(continued)*

In general, when approved for funding by a State or Federal agency, the Village should follow the reporting requirements summarized by Auditor of State Bulletins 2000-008 and 2002-004, as well as applicable budgetary requirements of certifying the available resources to the County Budget Commission and amend appropriations to account for the expected loan/grant or project receipts and expenditures.

We recommend the Village consult with their engineer or other personnel to obtain the required supporting documentation and review the Village Officer’s Handbook, to help ensure accurate financial reporting. The Village should review the Auditor of State Bulletins 2000-008 and 2002-004, as well as applicable budgetary requirements of certifying the available resources to the County Budget Commission and amend appropriations to account for the expected loan/grant or project receipts and expenditures. We also recommend the Village consider establishing a policy/procedure for reviewing the State or Federal agency correspondence/documentation related to ongoing projects in which on-behalf type payment activity would be occurring (i.e., the OWDA website – Disbursement History Reports)

FINDING NUMBER 2020-002

Non-Compliance/Material Weakness - Deficit Fund Balances

Ohio Rev. Code § 5705.10 (I) states that all money paid into a fund must be used for the purpose for which such fund has been established. A fund with a negative fund balance signifies that monies from other funds were used to meet their obligations. The Village failed to adequately monitor fund balances.

As of December 31, 2020, the OWDA Water Loan fund of (\$72,128) and OWDA Sewer Loan fund & (\$93,756), respectively.

As of December 31, 2019, the Sewer Operating fund of, (\$51,162), OWDA Water Loan fund (\$24,041), OWDA Sewer Loan fund and (\$45,914), respectively.

The deficit balances indicate that money from one fund was used to pay the obligations of another fund. The Enterprise has had deficit fund balances since 2015. The Board of Public Affairs has failed to monitor and act regarding the deficit balance or provide a solution. The Board of Public Affairs should review the finances and formulate a plan for the elimination of deficit balances and to set utility rates sufficient to cover the funds transactions.

VILLAGE OF ADENA
Jefferson County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-003

Non-Compliance/Material Weakness - Annual Appropriation Measure

Ohio Rev. Code §5705.38 (A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

For 2019, permanent appropriations were not approved in the minutes nor were the appropriations filed with the County Auditor.

For 2020, although a permanent appropriation measures were approved by Council on March 28, 2020, we did not identify a temporary measure approved by Council for the first three months of the year nor were there any supplemental appropriations approved in the minutes and filed with the County Auditor.

Ohio Rev. Code § 5705.41 (B) prohibits a subdivision or taxing unit from making any expenditures of money unless it has been appropriated.

In 2020, because no supplemental appropriations were filed with the County Auditor, nor did Council approve supplemental appropriations; the total budgetary expenditures exceeded total appropriations in the following funds during 2020:

	Total Budgetary Expenditures	Total Appropriations Authority	Variance
General Fund	\$129,141	\$111,715	(\$17,426)
Street - SCMR	\$45,774	\$39,700	(\$6,074)
Park & Recreation - Piggyback	\$8,346	\$0	(\$8,346)
New Street Construction	\$29,099	\$11,500	(\$17,599)
Police Protection	\$35,502	\$33,600	(\$1,902)
Park & Recreation Fund	\$5,557	\$4,250	(\$1,307)
Water	\$354,897	\$325,845	(\$29,052)
Sewer	\$91,512	\$76,774	(\$14,738)
OWDA Water Loan Pymt	\$48,086	\$43,000	(\$5,086)
OWDA Sewer Loan Pymt	\$141,186	\$46,000	(\$95,186)

In 2019, due to Village Council not passing an appropriation measure during 2019 as indicated above, nor properly filing with the budget commission, expenditures in all funds exceeded appropriations.

We recommend the Council and the Fiscal Officer not make any expenditures until appropriations are adopted. Once appropriations are adopted, Council and the Fiscal Officer should compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, Council should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

VILLAGE OF ADENA
Jefferson County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-004

Non-Compliance/Material Weakness - Expenditure Certification

Ohio Rev. Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. Then and Now certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line-item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line-item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

We noted that 100% of expenditures tested in 2019 and 2020 were not properly certified.

The Village should certify the availability of funds for expenditure and also implement the use of Then and Now Certificates as further means to certify funds pursuant to Ohio Rev. Code Section 5705.41(D).

VILLAGE OF ADENA
Jefferson County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-005

Material Weakness – Financial Reporting and Fund Type Classification

For the audit period January 1, 2019 thru December 31, 2020 the Village had 3 Fiscal Officers. Roberta Gaffney (January 1, 2019 – March 31, 2020); Cindy Hunter (April 1, 2020 – October 31, 2020) and Denise Geanangel (November 1, 2020 – December 31, 2020).

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs. A14 & A16.

The Village did not have sufficient internal controls in place to help ensure receipts, expenditures, and fund balances were properly classified on the financial statements. The following adjustments and reclassifications were agreed to by the Village Fiscal Officer and posted to the Village’s financial statements for the years ended December 31, 2020 and December 31, 2019:

During our testing of revenues, we noted the following:

On 4/30/2020 the Fiscal Officer posted \$1,126.59 for an expenditure to Mattern Tire with the description “paid twice in 2019 – reimbursement”. This was also posted as a receipt to interest. The prior Fiscal Officer was unable to provide support for this transaction or a determination as to why the transaction was posted as an expenditure and also as a receipt.

Also, on 4/30/2020 the prior Fiscal Officer posted 5 transactions totaling \$4,267.37 to various accounts, however, these revenue transactions were receipted one year prior in April 2019 and posted to the ledgers thus overstating the books for 2020. The current Fiscal Officer made the appropriate adjustments when converting to the UAN system.

In testing the 2019 State Distribution List we noted the Village received \$5,272.42 direct deposit as General Revenue. The Fiscal Officer, during 2019, posted the revenue but later reversed the posting thus negating the transaction. The Village was unable to provide any explanation for why the immaterial transaction was not properly posted.

We also noted the following adjustments and reclassifications:

2019:

Adjustments:

- A Harrison County property tax revenue for the fire levy for \$3,768 was posted to the General Fund property & other taxes receipt account rather than to the Fire Levy Fund’s property & other taxes receipt account.
- A Jefferson County property tax revenue for the police levy for \$14,265 was posted to the General Fund property & other taxes receipt account rather than to the Police Levy Fund’s property & other taxes receipt account.

VILLAGE OF ADENA
Jefferson County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-005 *(continued)*

Material Weakness – Financial Reporting and Fund Type Classification *(continued)*

- A Jefferson County and Harrison County property tax revenue for the park levy for a total of \$5,435 was posted to the Police Levy Fund property & other taxes receipt account rather than to the Park Levy Fund’s property & other taxes receipt account.
- Insurance reimbursement for water damaged at Village hall for \$3,093 was posted to the Police Levy Fund fines, license and permits revenue account rather than to the General Fund’s miscellaneous receipt account.
- A Jefferson County rollback revenue for the street levy for a total of \$1,062 was posted to the General Fund intergovernmental receipt account rather than to the Street Levy Fund’s property & other taxes receipt account.

Reclassifications:

- General Fund – rollback revenue for \$8,020 was posted as property & other taxes receipts rather than intergovernmental receipts.
- General Fund – property tax revenue for \$10,810 was posted as intergovernmental receipts rather than property & other taxes receipts.
- General Fund – cable franchise fees for \$17,498 was posted as fines, licenses and permits receipts rather than miscellaneous receipts.
- General Fund – interest earnings for \$111 was posted as miscellaneous receipts rather than earnings on investments receipts.
- Permissive Motor Vehicle License Tax Fund – permissive license revenue for \$7,122 was posted as fines, licenses and permits receipts rather than intergovernmental receipts.
- Sewer Operating Fund – debt principal and interest payments on a commercial loan for \$14,742 and \$1,587, respectively were posted as other operating cash disbursement account rather than principal retirement expenditure and interest & fiscal charges expenditure accounts.

2020:

Adjustments:

- A homestead & rollback revenue for the policy levy for \$541 was posted to the New Street Construction/Imp Levy Fund property tax receipt account rather than to the Police Levy Fund’s intergovernmental receipt account.

Reclassifications:

- Street Construction Maintenance & Repair Fund – motor vehicle license fees revenue for \$5,622 was posted as property & other taxes receipts rather than intergovernmental receipts.
- General Fund – 2nd half rollback revenue for \$876 was posted as property & other taxes receipts rather than intergovernmental receipts.
- Street Construction Maintenance & Repair Fund – 2nd half homestead & rollback revenue for \$416 was posted as property & other taxes receipts rather than intergovernmental receipts.
- Park Fund – 2nd half homestead & rollback revenue for \$241 was posted as property & other taxes receipts rather than intergovernmental receipts.
- General Fund – interest payments and principal payments on Consumer National Bank Loan for \$723 and \$13,607, respectively, were posted as general government for, rather than interest & fiscal charges and principal retirement expenditure, respectively.

VILLAGE OF ADENA
Jefferson County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-005 *(continued)*

Material Weakness – Financial Reporting and Fund Type Classification *(continued)*

Other insignificant reclassifications were made ranging from \$4 to \$325.

In preparing the 2019 financial statements for Hinkle System, Fiscal Officer Hunter used the incorrect financial statements when submitting the enterprise financial statements. The Fiscal Officer used the Agency Funds statements rather than the Proprietary Fund-Enterprise statements when uploading and submitting to the AOS via the Hinkle System.

Also based on provisions in GASB 54, paragraph 16 and Implementation Guide Z.54.13 assigned balances include year-end general fund balances appropriated in the subsequent year. The 2019 financial statements incorrectly reported the General Fund's and the Special Revenue year-end fund balance as unassigned. The Village's 2020 appropriations of \$111,715 within the General Fund were higher than the estimated resources of \$94,353 by \$17,362, therefore the fund amount at year-end balance of \$17,362 should be reported as assigned fund in 2019 the remaining of \$76,852. In addition, Special Revenue by definition is restricted with constraints placed on the use of resources and should classify the fund balance as restricted fund balance. For 2020, the Village of Adena implemented the new accounting principal which removes the fund balance classifications from the combed statements to reporting the fund balance in the footnotes.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of the financial data throughout the year.

Additionally, the 2020 and 2019 notes to the financial statements required multiple corrections. Changes include

- Note 2 in 2020 footnotes removing the description of Fiduciary Funds – agency fund for Magistrate Court, because the Village of Adena does not have a Mayor's Court;
- Note 7- Risk Management in 2020 footnotes – the Village is a member of the Ohio Municipal Joint Self-Insurance Pool;
- Note 10 - Debt in 2020 footnotes – note must report each individual outstanding amount of the loan at year end and the amortization schedule must report debt payments for each year until retirement of the debt;
- Note 9 in 2019 footnotes – Subsequent Events client use prior audit subsequent event note;
- Note 3 – Compliance - changes for both 2020 and 2019 footnotes based on audit adjustments; and
- Note 4 – Budgetary Activity changes for both 2020 and 2019 footnotes based on audit adjustments.

The footnotes to the financial statements are an integral part to the financial statements

The Village should implement policies and procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Village and thereby increasing the reliability of the financial data through the year.

VILLAGE OF ADENA
Jefferson County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-005 *(continued)*

Material Weakness – Financial Reporting and Fund Type Classification *(continued)*

The Village should also implement additional procedures over the completeness and accuracy of financial information reported within the Village’s annual report. Such procedures may include review of the financial statements and related components by a member of management with analytic comparisons of the current year annual report to the prior year reports for obvious errors or omissions. The Fiscal Officer should utilize the Ohio Village’s accounting manual and Uniform Accounting Network Accounting (UAN) manual to assist in identifying proper accounts and funds. In addition, the Board should review monthly receipt and disbursement reports to help ensure transactions are properly classified. This may help ensure the Village’s financial activity is accurately reported.

FINDING NUMBER 2020-006

Material Weakness - Bank Reconciliations:

Sound accounting practices require that when designing the public office’s system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Council members are responsible for reviewing the reconciliations and related support.

For 2019, the Fiscal Officer did not properly reconcile each month until February 2020 to the end of the month book balances. The lack of accurate and timely performance of monthly bank reconciliations resulted in the Fiscal Officer showing outstanding checks as high as \$491,119 and \$29,099 in deposit-in-transit with no supporting documentation. The Fiscal Officer ultimately reconciled December 31, 2019 to the books; however, there was \$2,882 noted as other adjusting factors with no support.

For 2020, the reconciliations were performed monthly; however, for the December 31, reconciliation had \$1,332.17 as other adjusting factors with no supporting documentation.

Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board and the Mayor should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

VILLAGE OF ADENA
Jefferson County
Schedule of Findings
December 31, 2020 and 2019

FINDING NUMBER 2020-007

Significant Deficiencies – CARES Act

The CARES Act, 42 U.S.C. 801(d), requires that the payments from the Coronavirus Relief Fund (CRF) only be used to cover expenses that (AOS refers to this as the “three-prong” test under the law):

- (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
- (2) were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the government; and
- (3) were incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

The minutes are the official record of the governing body. The minutes must obtain sufficient facts and information to permit the public to understand and appreciate the rationale behind the public body’s decisions. The public not only has a right to know a governments body’s final decision on a mater, but also the means by which those decisions were reached.

During calendar year 2020, the minutes did not reflect if Council discussed how the Village was going to utilize the CARES Act money. Council should obtain and document within the meeting minutes their decisions on how to spend the CARES Act allocations.

We recommend the Village maintain full and accurate meeting minutes which would enable a member of the public who is unable to attend the meeting in person to obtain complete and accurate information about the decision-making process of their government. All meeting minutes should be accepted and approved by Council at the following meeting.

Village’s Response: The Mayor, Council and Fiscal Officer have taken appropriate corrective actions. We believe all the improvements will be made by the next audit and therefore there should be not further issues in these matters.

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Village of Adena, Ohio
Jefferson 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; <i>Explain</i>
2018-001	Ohio Rev. Code § 5705.10(I) Deficit Balances	No	Reissued as Finding Number 2020-002
2018-002	Ohio Rev. Code § 5705.41(A) & (B) Annual Appropriations by April 1 and Expenditures Exceeded Appropriations	No	Reissued as Finding Number 2020-003
2018-003	Ohio Rev. Code § 5705.41(D) Use of Purchase Orders	No	Reissued as Finding Number 2020-004
2018-004	Ohio Rev. Code §149.43(B)(1) & (B)(2) §149.351 lack of invoices and other supporting documentation	Yes	Finding No Longer Valid
2018-005	Ohio Rev. Code §733.43 accurate records and timely cash reconciliations	Partial	Partially Corrected; Finding Number 2020-006
2018-006	Material Weakness: Posting of Receipts and Expenditures	No	Reissued as Finding Number 2020-005

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ADENA

JEFFERSON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/29/2022

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

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