



**Auditor of State  
Betty Montgomery**



VILLAGE OF ADENA  
JEFFERSON COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Adena  
Jefferson County  
P.O. Box 507  
Adena, Ohio 43901-0507

To the Village Council:

We have audited the accompanying financial statements of the Village of Adena, Jefferson County (the Village) as of and for the years ended December 31, 2002 and December 31, 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Adena, Jefferson County, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

May 9, 2003

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**VILLAGE OF ADENA  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$23,058	\$47,518	\$70,576
Intergovernmental Receipts	66,371	40,806	107,177
Fines, Licenses, and Permits	11,250		11,250
Earnings on Investments	1,580	36	1,616
Miscellaneous	5,671	5,186	10,857
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	107,930	93,546	201,476
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	10,122	46,981	57,103
Public Health Services	423		423
Leisure Time Activities	2,211	6,118	8,329
Transportation		34,163	34,163
General Government	43,802	362	44,164
Debt Service:			
Principal Payments	30,000		30,000
Interest Payments	888		888
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	87,446	87,624	175,070
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	20,484	5,922	26,406
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In		8,388	8,388
Transfers-Out	(8,388)		(8,388)
Other Uses	(15,673)		(15,673)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(24,061)	8,388	(15,673)
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,577)	14,310	10,733
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	5,513	26,871	32,384
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$1,936</b>	<b>\$41,181</b>	<b>\$43,117</b>
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*The notes to the financial statements are an integral part of this statement.*

VILLAGE OF ADENA  
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$287,497		\$287,497
Miscellaneous	18,035		18,035
Total Operating Cash Receipts	<u>305,532</u>		<u>305,532</u>
<b>Operating Cash Disbursements:</b>			
Personal Service	53,641		53,641
Contractual Services	200,792		200,792
Supplies and Materials	28,195		28,195
Miscellaneous	900		900
Total Operating Cash Disbursements	<u>283,528</u>		<u>283,528</u>
Operating Income/(Loss)	<u>22,004</u>		<u>22,004</u>
<b>Non-Operating Cash Receipts:</b>			
Special Assessments	5,387		5,387
Intergovernmental Receipts	11,625		11,625
Other Non-Operating Cash Receipts		\$6,475	6,475
Total Non-Operating Cash Receipts	<u>17,012</u>	<u>6,475</u>	<u>23,487</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	54,345		54,345
Other Non-Operating Cash Disbursements		6,575	6,575
Total Non-Operating Cash Disbursements	<u>54,345</u>	<u>6,575</u>	<u>60,920</u>
Net Receipts Over/(Under) Disbursements	(15,329)	(100)	(15,429)
Fund Cash Balances, January 1	<u>27,926</u>	<u>110</u>	<u>28,036</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$12,597</u></u></b>	<b><u><u>\$10</u></u></b>	<b><u><u>\$12,607</u></u></b>

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



**VILLAGE OF ADENA  
JEFFERSON COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$21,979	\$37,997	\$59,976
Intergovernmental Receipts	33,633	38,114	71,747
Fines, Licenses, and Permits	11,269		11,269
Earnings on Investments	2,123	35	2,158
Miscellaneous	7,464	105	7,569
	<u>76,468</u>	<u>76,251</u>	<u>152,719</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	28,568	27,853	56,421
Public Health Services	319		319
Leisure Time Activities	3,028		3,028
Transportation		35,512	35,512
General Government	52,489	326	52,815
	<u>84,404</u>	<u>63,691</u>	<u>148,095</u>
Total Cash Disbursements	<u>84,404</u>	<u>63,691</u>	<u>148,095</u>
Total Receipts Over/(Under) Disbursements	<u>(7,936)</u>	<u>12,560</u>	<u>4,624</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Sale of Notes	30,000		30,000
Transfers-In		3,700	3,700
Transfers-Out	(3,700)		(3,700)
Other Uses	(14,295)		(14,295)
	<u>12,005</u>	<u>3,700</u>	<u>15,705</u>
Total Other Financing Receipts/(Disbursements)	<u>12,005</u>	<u>3,700</u>	<u>15,705</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,069	16,260	20,329
Fund Cash Balances, January 1	<u>1,444</u>	<u>10,611</u>	<u>12,055</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$5,513</b></u>	<u><b>\$26,871</b></u>	<u><b>\$32,384</b></u>

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

VILLAGE OF ADENA  
JEFFERSON COUNTY

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$294,035		\$294,035
Miscellaneous	11,116		11,116
Total Operating Cash Receipts	305,151		305,151
<b>Operating Cash Disbursements:</b>			
Personal Service	59,342		59,342
Contractual Services	209,167		209,167
Supplies and Materials	21,215		21,215
Capital Outlay	516		516
Miscellaneous	1,186		1,186
Total Operating Cash Disbursements	291,426		291,426
Operating Income/(Loss)	13,725		13,725
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental Receipts	39,300		39,300
Other Non-Operating Cash Receipts		\$4,647	4,647
Total Non-Operating Cash Receipts	39,300	4,647	43,947
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	52,255		52,255
Other Non-Operating Cash Disbursements		4,782	4,782
Total Non-Operating Cash Disbursements	52,255	4,782	57,037
Net Receipts Over/(Under) Disbursements	770	(135)	635
Fund Cash Balances, January 1	27,156	245	27,401
<b>Fund Cash Balances, December 31</b>	<b>\$27,926</b>	<b>\$110</b>	<b>\$28,036</b>

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

**VILLAGE OF ADENA  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Adena, Jefferson County (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general government services, including water and sewer utilities, street maintenance and repair, park operations (leisure time activities), and police protection. The Village contracts with the Adena Volunteer Fire Department for fire protection.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

**VILLAGE OF ADENA  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Enterprise Funds**

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

*Water Revenue Fund* - This fund receives charges from residents to cover some of the cost of providing this utility.

*Sewer Revenue Fund* – This fund receives charges for services from residents to cover some of the cost of providing this utility.

**4. Fiduciary Funds (Agency Funds)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

*Mayor's Court Fund* – This fund is used to account for fines and costs collected by Mayor's Court and distributed to the State and to the Village.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund except for certain agency funds be budgeted annually.

**1. 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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not consistently use the encumbrance method of accounting contrary to Ohio Revised Code § 5705.41(D).

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**VILLAGE OF ADENA  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Property, Plant and Equipment**

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

**G. Unpaid Leave**

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

**2. EQUITY IN POOLED CASH**

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

	2002	2001
Demand Deposits	\$35,724	\$40,420
Certificates of Deposit	20,000	20,000
Total Deposits	\$55,724	\$60,420

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,837	\$107,930	\$93
Special Revenue	92,007	101,934	9,927
Enterprise	375,709	322,544	(53,165)
Total	\$575,553	\$532,408	(\$43,145)

  

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$111,990	\$111,507	\$483
Special Revenue	128,760	87,624	41,136
Enterprise	382,963	337,873	45,090
Total	\$623,713	\$537,004	\$86,709

**VILLAGE OF ADENA  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$104,796	\$106,468	\$1,673
Special Revenue	78,961	79,951	990
Enterprise	398,001	344,451	(53,550)
Total	<u>\$581,757</u>	<u>\$530,870</u>	<u>\$(50,887)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$105,379	\$102,399	\$2,980
Special Revenue	89,094	63,691	25,403
Enterprise	398,009	343,681	54,328
Total	<u>\$592,482</u>	<u>\$509,771</u>	<u>\$82,711</u>

**4. PROPERTY TAX**

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

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

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

**5. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

**VILLAGE OF ADENA  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan (PW-88)	\$89,315	8.04%
Ohio Water Development Authority Loan (PW-90)	62,193	7.96%
Sewer Revenue Bonds	102,950	4.0-4.5%
Water Revenue Bonds	101,000	5.00%
Total	<u>\$355,458</u>	

The Ohio Water Development Authority (OWDA) loans were issued for long term construction projects of the Village's sewer system and were issued for twenty-five years each. Property and revenue of the Village have been pledged to repay the loans.

The sewer and water revenue bonds were issued to pay for sewer and water projects within the Village. Future sewer and water utility revenue have been pledged to repay the bonds.

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

	<u>OWDA Loan (PW-88)</u>	<u>OWDA Loan (PW-90)</u>	<u>Sewer Revenue Bonds</u>	<u>Water Revenue Bonds</u>
Year ending December 31:				
2003	12,197	7,851	23,247	11,050
2004	12,197	7,851	22,462	10,750
2005	12,197	7,851	23,677	10,450
2006	12,197	7,851	22,812	11,150
2007	12,197	7,851	23,897	10,800
Subsequent	79,280	62,814		85,400
Total	<u>\$140,265</u>	<u>\$102,069</u>	<u>\$116,095</u>	<u>\$139,600</u>

**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. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2001 and 2000 generally protect against individual losses exceeding \$100,000 (\$150,000 for policies issued prior to April 1, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

VILLAGE OF ADENA  
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)

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 retained deficit at December 31, 2001 and 2000: (This is the most current information available.)

	<u>2001</u>	<u>2000</u>
Assets	\$3,354,251	\$2,958,827
Liabilities	<u>(4,851,866)</u>	<u>(3,863,373)</u>
Retained earnings	<u>(\$1,497,615)</u>	<u>( \$904,546)</u>





**Auditor of State  
Betty Montgomery**

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

Village of Adena  
Jefferson County  
P.O. Box 507  
Adena, Ohio 43901-0507

To the Village Council:

We have audited the accompanying financial statements of the Village of Adena, Jefferson County (the Village) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated May 9, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed a certain instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 9, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 9, 2003.

Village of Adena  
Jefferson County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

May 9, 2003

VILLAGE OF ADENA  
JEFFERSON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001

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

FINDING NUMBER 2002-001

**Ohio Revised Code § 5705.41 (D)** provides that no subdivision 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. This section also provides two "exceptions" to the above requirement:

- A. Then and Now Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars (\$1,000) the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

The Village did not certify or record the amount against the applicable appropriation accounts for 90% of tested expenditures of 2002 and for 100% of tested expenditures of 2001. The Village did not utilize the certification exceptions described above for those expenditures lacking prior or simultaneous certification.

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. The Village should obtain approved purchase orders which include the fiscal officer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making the commitment.

VILLAGE OF ADENA  
JEFFERSON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-31241-001	ORC 5705.41(B) Disbursements exceeded appropriations	No	Cited again in the management letter
2000-31241-002	ORC 5705.41(D) Disbursements were not properly certified.	No	Cited again as Finding Number 2002-001



**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF ADENA**

**JEFFERSON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 26, 2003**