



Dave Yost • Auditor of State



VILLAGE OF ADELPHI  
ROSS COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Village of Adelphi, Ross County, (the Village) as of and for the years ended December 31, 2014 and 2013.

### ***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 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 1 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, 2014 and 2013, or 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 combined cash balances of Village of Adelphi, Ross County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements 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 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2016, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 26, 2016

**VILLAGE OF ADELPHI  
ROSS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$2,592	\$2,090	\$4,682
Municipal Income Tax	32,942	0	32,942
Intergovernmental	17,227	17,300	34,527
Fines, Licenses and Permits	3,797	0	3,797
Earnings on Investments	58	12	70
Miscellaneous	2,368	0	2,368
<i>Total Cash Receipts</i>	<u>58,984</u>	<u>19,402</u>	<u>78,386</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	12,955	3,720	16,675
Transportation	0	28,300	28,300
General Government	40,161	0	40,161
<i>Total Cash Disbursements</i>	<u>53,116</u>	<u>32,020</u>	<u>85,136</u>
<i>Net Change in Fund Cash Balances</i>	5,868	(12,618)	(6,750)
<i>Fund Cash Balances, January 1</i>	<u>25,089</u>	<u>25,303</u>	<u>50,392</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	12,685	12,685
Assigned	25,304	0	25,304
Unassigned (Deficit)	<u>5,653</u>	<u>0</u>	<u>5,653</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$30,957</u></u>	<u><u>\$12,685</u></u>	<u><u>\$43,642</u></u>

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

**VILLAGE OF ADELPHI  
ROSS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$150,530
<i>Total Operating Cash Receipts</i>	150,530
<b>Operating Cash Disbursements</b>	
Personal Services	7,477
Employee Fringe Benefits	1,917
Contractual Services	2,544
Other	56,613
<i>Total Operating Cash Disbursements</i>	68,551
<i>Operating Income (Loss)</i>	81,979
<b>Non-Operating Receipts (Disbursements)</b>	
Principal Retirement	(89,141)
Interest and Other Fiscal Charges	(22,730)
<i>Total Non-Operating Receipts (Disbursements)</i>	(111,871)
<i>Net Change in Fund Cash Balances</i>	(29,892)
<i>Fund Cash Balances, January 1</i>	131,257
<i>Fund Cash Balances, December 31</i>	\$101,365

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

**VILLAGE OF ADELPHI  
ROSS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$3,329	\$1,987	\$5,316
Municipal Income Tax	29,410	0	29,410
Intergovernmental	16,732	18,414	35,146
Fines, Licenses and Permits	3,871	0	3,871
Earnings on Investments	5,724	14	5,738
Miscellaneous	2,839	0	2,839
<i>Total Cash Receipts</i>	<u>61,905</u>	<u>20,415</u>	<u>82,320</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	15,764	3,720	19,484
Transportation	0	5,254	5,254
General Government	48,556	0	48,556
<i>Total Cash Disbursements</i>	<u>64,320</u>	<u>8,974</u>	<u>73,294</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,415)</u>	<u>11,441</u>	<u>9,026</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Bonds	0	0	0
Sale of Notes	0	0	0
Other Debt Proceeds	0	0	0
Premium and Accrued Interest on Debt	0	0	0
Discount on Debt	0	0	0
Sale of Capital Assets	0	0	0
Transfers In	0	0	0
Transfers Out	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Other Financing Sources	0	0	0
Other Financing Uses	0	0	0
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>
Special Item	0	0	0
Extraordinary Item	0	0	0
<i>Net Change in Fund Cash Balances</i>	<u>(2,415)</u>	<u>11,441</u>	<u>9,026</u>
<i>Fund Cash Balances, January 1</i>	<u>27,504</u>	<u>13,862</u>	<u>41,366</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	25,303	25,303
Assigned	19,436	0	19,436
Unassigned (Deficit)	5,653	0	5,653
<i>Fund Cash Balances, December 31</i>	<u>\$25,089</u>	<u>\$25,303</u>	<u>\$50,392</u>

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

VILLAGE OF ADELPHI  
ROSS COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$147,648
<i>Total Operating Cash Receipts</i>	<u>147,648</u>
<b>Operating Cash Disbursements</b>	
Personal Services	6,096
Employee Fringe Benefits	1,109
Other	50,019
<i>Total Operating Cash Disbursements</i>	<u>57,224</u>
<i>Operating Income (Loss)</i>	<u>90,424</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Principal Retirement	(33,777)
Interest and Other Fiscal Charges	(7,843)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(41,620)</u>
<i>Net Change in Fund Cash Balances</i>	48,804
<i>Fund Cash Balances, January 1</i>	<u>82,453</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$131,257</u></u>

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

**VILLAGE OF ADELPHI  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Accounting Basis**

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.

**C. Deposits and Investments**

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

The Village values certificates of deposit at cost.

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

**2. 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:

**VILLAGE OF ADELPHI  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

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

**3. Enterprise Funds**

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

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

**E. Budgetary Process**

The Ohio Revised Code requires that each fund 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 Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

**3. Encumbrances**

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**F. 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:

**1. Nonspendable**

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

VILLAGE OF ADELPHI  
ROSS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)

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

2. **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.

3. **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.

4. **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.

5. **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.

**G. Property, Plant, and Equipment**

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

**VILLAGE OF ADELPHI  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**2. EQUITY IN POOLED 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:

	2014	2013
Demand deposits	\$61,640	\$98,282
Certificates of deposit	83,367	83,367
Total deposits	\$145,007	\$181,649

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,631	\$58,984	\$4,353
Special Revenue	21,570	19,402	(2,168)
Enterprise	147,000	150,530	3,530
Total	\$223,201	\$228,916	\$5,715

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,527	\$53,116	\$20,411
Special Revenue	46,821	32,020	14,801
Enterprise	257,325	180,422	76,903
Total	\$377,673	\$265,558	\$112,115

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,784	\$61,905	\$7,121
Special Revenue	19,665	20,415	750
Enterprise	161,000	147,648	(13,352)
Total	\$235,449	\$229,968	(\$5,481)

**VILLAGE OF ADELPHI  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$76,102	\$64,320	\$11,782
Special Revenue	37,631	8,974	28,657
Enterprise	242,669	98,844	143,825
Total	\$356,402	\$172,138	\$184,264

**4. PROPERTY TAX**

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

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

**5. LOCAL INCOME TAX**

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

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

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

**VILLAGE OF ADELPHI  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
OWDA Loan #2657	\$76,623	2.2%
OWDA Loan #4227	832,605	1%
OWDA Loan #4959	474,780	1%
OPWC Loan #CT47L	165,613	0%
Total	\$1,549,621	

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

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

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

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

Year ending	OWDA Loan #2657	OWDA Loan #4227	OWDA Loan #4959	OPWC Loan
December 31:				
2015	\$7,300	\$41,432	\$21,519	\$6,495
2016	7,300	41,432	21,519	6,495
2017	7,300	41,432	21,519	6,495
2018	7,300	41,432	21,519	6,495
2019	7,300	41,432	21,519	6,495
2020-2024	36,500	207,160	107,593	32,473
2025-2029	14,600	207,160	107,593	32,473
2030-2034		207,160	107,593	32,473
2034-2039		103,580	107,593	32,473
2040				6,495
Total	\$87,600	\$932,220	\$537,967	\$168,862

**7. RETIREMENT SYSTEMS**

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. For 2014 and 2013, 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, 2014.

**VILLAGE OF ADELPHI  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**8. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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

**9. RESTATEMENT OF BEGINNING BALANCE**

Adjustments were necessary to the beginning of year General fund balance to correct postings for prior year audit adjustments. This correction resulted in changes to beginning of year General fund balance as detailed below.

General Fund Balance at December 31, 2012	\$76,134
To correct an adjustment recorded in the prior year	(48,630)
General Fund Balance at January 1, 2013, as Restated	\$27,504

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# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Adelphi, Ross County, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated July 26, 2016, 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.

### ***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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2014-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

July 26, 2016

**VILLAGE OF ADELPHI  
ROSS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

**FINDING NUMBER 2014-001**

**Material Weakness**

Governments are required to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

We noted the following conditions related to the Village's accounting system:

- Income tax receipts were posted as property tax receipts in the General fund in the amount of \$27,858 and \$31,287 in 2013 and 2014, respectively.
- The Village recorded RITA income tax receipts at net instead of gross. This resulted in General Fund income tax receipts and general government disbursements to be understated by \$1,552 and \$1,656 in 2013 and 2014, respectively.
- Fund balances in the General fund at December 31, 2014 were not accurately classified. This resulted in the unassigned fund balance being overstated and assigned fund balance being understated by \$25,304.
- Fund balances in the General fund at December 31, 2013 were not accurately classified. This resulted in the unassigned fund balance being overstated and assigned fund balance being understated by \$19,436.
- Principal and interest payments were incorrectly posted as other expenses in the Sewer fund in the amount of \$38,490 in 2014.
- Interest on certificate of deposit was not recorded in the amount of \$5,653 in 2013 in General fund.

The Village corrected the financial statements.

Failure to accurately post and report transactions could result in material errors in the Village's financial statements and reduces the Village's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the Village.

We recommend that the Village accurately record financial transactions.

**Officials' Response:**

We did not receive a response from Officials to this finding.

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**VILLAGE OF ADELPHI  
ROSS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Financial Reporting – Several audit adjustments required.	No	Repeated as finding 2014-001
2012-002	Prior Certification of Funds	No	Partially Corrected, Reported in the Management Letter
2012-003	Budgetary Integration	Yes	

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# Dave Yost • Auditor of State

VILLAGE OF ADELPHI

ROSS 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  
AUGUST 9, 2016