

VILLAGE OF ADENA
JEFFERSON COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021



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

We have reviewed the *Independent Auditor's Report* of the Village of Adena, Jefferson County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. 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.

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

June 28, 2023

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VILLAGE OF ADENA
JEFFERSON COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Adena, Jefferson County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position or cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.


In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Charles E. Harris & Associates, Inc.
May 29, 2023

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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, 2022

| | General | Special Revenue | Totals (Memorandum Only) |
|---|-------------------|--------------------|--------------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 46,759 | \$ 82,742 | \$ 129,501 |
| Intergovernmental | 18,190 | 103,792 | 121,982 |
| Charges for Services | - | 15 | 15 |
| Fines, Licenses and Permits | 11,972 | 150 | 12,122 |
| Miscellaneous | 419,877 | 2,393 | 422,270 |
| <i>Total Cash Receipts</i> | <u>496,798</u> | <u>189,092</u> | <u>685,890</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | - | 37,852 | 37,852 |
| Public Health Services | 2,797 | - | 2,797 |
| Leisure Time Activities | 13,564 | 17,151 | 30,715 |
| Community Environment | - | 1,450 | 1,450 |
| Transportation | 31,160 | 129,593 | 160,753 |
| General Government | 116,023 | 5,205 | 121,228 |
| Capital Outlay | 170,020 | - | 170,020 |
| <i>Total Cash Disbursements</i> | <u>333,564</u> | <u>191,251</u> | <u>524,815</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | 163,234 | (2,159) | 161,075 |
| Other Financing Receipts (Disbursements) | | | |
| Other Financing Sources | 4,788 | - | 4,788 |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>4,788</u> | <u>-</u> | <u>4,788</u> |
| <i>Net Change in Fund Cash Balances</i> | 168,022 | (2,159) | 165,863 |
| <i>Fund Cash Balances, January 1</i> | <u>106,846</u> | <u>179,464</u> | <u>286,310</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 274,868</u> | <u>\$ 177,305</u> | <u>\$ 452,173</u> |

See accompanying notes to the financial statements

Village of Adena, Ohio
Jefferson County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2022

| | <u>Proprietary Fund Type</u> |
|---|------------------------------|
| | <u>Enterprise</u> |
| Operating Cash Receipts | |
| Charges for Services | \$ 540,950 |
| <i>Total Operating Cash Receipts</i> | <u>540,950</u> |
| Operating Cash Disbursements | |
| Personal Services | 62,441 |
| Employee Fringe Benefits | 9,650 |
| Contractual Services | 198,962 |
| Supplies and Materials | 47,127 |
| <i>Total Operating Cash Disbursements</i> | <u>318,180</u> |
| <i>Operating Income (Loss)</i> | 222,770 |
| Non-Operating Receipts (Disbursements) | |
| Miscellaneous Receipts | 1,357 |
| Principal Retirement | (79,058) |
| Interest and Other Fiscal Charges | (16,869) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(94,570)</u> |
| <i>Net Change in Fund Cash Balances</i> | 128,200 |
| <i>Fund Cash Balances, January 1</i> | <u>(69,618)</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 58,582</u> |

See accompanying notes to the financial statements

Village of Adena
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Adena, Jefferson County, Ohio (the Village), 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 Pool

The Village participates in the Ohio Municipal Joint Self-Insurance Pool a public entity risk pool. Note 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:

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
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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

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 (C). 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 disbursements 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 (C) 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.

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

A summary of 2022 budgetary activity appears in Note 4.

Village of Adena
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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

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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (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, 2022:

Enterprise Fund
OWDA Water Loan Payment Fund \$70,793
OWDA Sewer Loan Payment Fund \$93,755

Note 4 – Budgetary Activity

Budgetary activity for the year ended December 31, 2022 follows:

2022 Budgeted vs Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|-------------------|-----------------|-----------|
| General | \$ 493,680 | \$501,586 | \$7,906 |
| Special Revenue | 290,029 | 189,092 | (100,937) |
| Enterprise | 537,000 | 542,307 | 5,307 |

2022 Budgeted vs Actual Budgetary Basis Disbursements

| Fund Type | Appropriation Authority | Budgetary Disbursements | Variance |
|-----------------|-------------------------|-------------------------|----------|
| General | \$ 379,047 | \$334,431 | \$44,616 |
| Special Revenue | 300,082 | 191,868 | 108,214 |
| Enterprise | 537,000 | 415,000 | 122,000 |

Village of Adena
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Village's deposit accounts are as follows:

Demand Deposits \$510,755

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village does not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; 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.

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 nonprofit 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, 2022, retention levels are \$100,000 for property and casualty coverages, respectively.

Village of Adena
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Risk Management (continued)

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

The Pool’s financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported following assets, liabilities and accumulated surplus at March 31, 2022:

| | |
|---------------------|----------------------|
| Assets | \$ 909,464 |
| Liabilities | <u>(1,109,394)</u> |
| Accumulated Surplus | <u>\$ (199,930)</u> |

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most of 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, 2022.

Note 9 – Postemployment Benefit

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% during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Village of Adena
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Debt

Debt outstanding at December 31, 2022 was as follows:

| | Principal | Interest Rate |
|---|------------|---------------|
| Ohio Water Development Authority Loan #3755 | \$ 81,875 | 2.00% |
| Ohio Water Development Authority Loan #8153 | 33,429 | 3.00% |
| Ohio Water Development Authority Loan #6442 | 817,343 | 1.50% |
| Ohio Water Development Authority Loan #8152 | 34,017 | 3.00% |
| Total | \$ 966,664 | |

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. 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. 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.

Amortization

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

| Year ending December 31: | OWDA Loans |
|-----------------------------|---------------|
| 2023 | \$ 95,928 |
| 2024 | 95,928 |
| 2025 | 53,971 |
| 2026 | 53,971 |
| 2027 | 53,971 |
| 2028-2032 | 225,041 |
| 2033-2037 | 210,212 |
| 2038-2042 | 210,212 |
| 2043-2045 | 126,127 |
| Total | \$1,125,361 |

Village of Adena
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially or adversely affect the Village’s financial condition.

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:

| <u>Fund Balances</u> | <u>General</u> | <u>Special Revenue</u> |
|-------------------------|----------------|----------------------------|
| Outstanding Encumbrance | \$ 867 | \$ 617 |

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

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021, while the national state of emergency continues. During 2022, the Village did receive COVID funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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, 2021

| | General | Special Revenue | Totals (Memorandum Only) |
|---|-------------------|--------------------|--------------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 40,717 | \$ 73,320 | \$ 114,037 |
| Intergovernmental | 18,702 | 96,994 | 115,696 |
| Charges for Services | - | 5 | 5 |
| Fines, Licenses and Permits | 12,114 | 155 | 12,269 |
| Miscellaneous | 90,422 | 2,366 | 92,788 |
| <i>Total Cash Receipts</i> | <u>161,955</u> | <u>172,840</u> | <u>334,795</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 10,333 | 27,205 | 37,538 |
| Public Health Services | 13,166 | 22,982 | 36,148 |
| Leisure Time Activities | 3,611 | 9,283 | 12,894 |
| Basic Utility Services | 1,515 | - | 1,515 |
| Community Environment | - | 766 | 766 |
| Transportation | 11,152 | 70,457 | 81,609 |
| General Government | 87,705 | 1,860 | 89,565 |
| Debt Service: | | | |
| Principal Retirement | - | 4,044 | 4,044 |
| Interest and Fiscal Charges | - | 38 | 38 |
| <i>Total Cash Disbursements</i> | <u>127,482</u> | <u>136,635</u> | <u>264,117</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | 34,473 | 36,205 | 70,678 |
| Other Financing Receipts (Disbursements) | | | |
| Other Financing Sources | 15,560 | 2,997 | 18,557 |
| Other Financing Uses | - | (10,271) | (10,271) |
| Advances In | 43,000 | 3,000 | 46,000 |
| Advances Out | (43,000) | (3,000) | (46,000) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>15,560</u> | <u>(7,274)</u> | <u>8,286</u> |
| <i>Net Change in Fund Cash Balances</i> | 50,033 | 28,931 | 78,964 |
| <i>Fund Cash Balances, January 1</i> | <u>56,813</u> | <u>150,533</u> | <u>207,346</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 106,846</u> | <u>\$ 179,464</u> | <u>\$ 286,310</u> |

See accompanying notes to the financial statements

Village of Adena, Ohio
Jefferson County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2021

| | <u>Proprietary Fund Type</u> |
|---|------------------------------|
| | <u>Enterprise</u> |
| Operating Cash Receipts | |
| Charges for Services | \$ 527,925 |
| <i>Total Operating Cash Receipts</i> | <i>527,925</i> |
| Operating Cash Disbursements | |
| Personal Services | 53,685 |
| Employee Fringe Benefits | 9,324 |
| Contractual Services | 249,202 |
| Supplies and Materials | 46,326 |
| Other | 382 |
| <i>Total Operating Cash Disbursements</i> | <i>358,919</i> |
| <i>Operating Income (Loss)</i> | <i>169,006</i> |
| Non-Operating Receipts (Disbursements) | |
| Miscellaneous Receipts | 1,007 |
| Principal Retirement | (77,557) |
| Interest and Other Fiscal Charges | (18,370) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <i>(94,920)</i> |
| <i>Net Change in Fund Cash Balances</i> | <i>74,086</i> |
| <i>Fund Cash Balances, January 1</i> | <i>(143,704)</i> |
| <i>Fund Cash Balances, December 31</i> | <i>\$ (69,618)</i> |

See accompanying notes to the financial statements

Village of Adena
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Adena, Jefferson County, Ohio (the Village), 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 Pool

The Village participates in the Ohio Municipal Joint Self-Insurance Pool a public entity risk pool. Note 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:

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
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

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

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 (C). 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 disbursements 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 (C) 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.

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

A summary of 2021 budgetary activity appears in Note 4.

Village of Adena
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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

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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (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, 2021:

Enterprise Fund
OWDA Water Loan Payment Fund \$70,793
OWDA Sewer Loan Payment Fund \$93,755

Note 4 – Budgetary Activity

Budgetary activity for the year ended December 31, 2021 follows:

2021 Budgeted vs Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|-------------------|-----------------|------------|
| General | \$ 226,130 | \$177,516 | \$(48,614) |
| Special Revenue | 218,467 | 175,837 | (42,630) |
| Enterprise | 567,928 | 528,932 | (38,996) |

2021 Budgeted vs Actual Budgetary Basis Disbursements

| Fund Type | Appropriation Authority | Budgetary Disbursements | Variance |
|-----------------|-------------------------|-------------------------|----------|
| General | \$ 226,130 | \$127,881 | \$98,249 |
| Special Revenue | 328,950 | 147,142 | 181,808 |
| Enterprise | 546,315 | 455,221 | 91,094 |

Village of Adena
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Village's deposit accounts are as follows:

Demand Deposits \$216,692

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village does not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; 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.

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 nonprofit 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, 2021, retention levels are \$100,000 for property and casualty coverages, respectively.

Village of Adena
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Risk Management (continued)

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

The Pool’s financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported following assets, liabilities and accumulated surplus at March 31, 2021:

| | |
|---------------------|-------------------|
| Assets | \$ 824,661 |
| Liabilities | (554,038) |
| Accumulated Surplus | <u>\$ 270,623</u> |

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most of 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, 2021.

Note 9 – Postemployment Benefit

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% during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2021.

Note 10 – Debt

Debt outstanding at December 31, 2021 was as follows:

| | Principal | Interest Rate |
|---|--------------------|---------------|
| Ohio Water Development Authority Loan #3755 | \$ 121,579 | 2.00% |
| Ohio Water Development Authority Loan #8153 | 38,444 | 3.00% |
| Ohio Water Development Authority Loan #6442 | 847,009 | 1.50% |
| Ohio Water Development Authority Loan #8152 | <u>38,690</u> | 3.00% |
| Total | <u>\$1,045,722</u> | |

Village of Adena
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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. 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. 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.

Amortization

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

| Year ending December 31: | OWDA Loans |
|-----------------------------|---------------------|
| 2022 | \$ 95,928 |
| 2023 | 95,928 |
| 2024 | 95,928 |
| 2025 | 53,971 |
| 2026 | 53,971 |
| 2027-2031 | 230,840 |
| 2032-2036 | 210,212 |
| 2037-2041 | 210,212 |
| 2042-2045 | 168,169 |
| Total | <u>\$ 1,215,159</u> |

Note 11 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially or adversely affect the Village’s financial condition.

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

| <u>Fund Balances</u> | <u>General</u> | <u>Special Revenue</u> |
|--------------------------|----------------|----------------------------|
| Outstanding Encumbrances | \$ 399 | \$ 236 |

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

Note 13– COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the Village did receive COVID funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Charles E. Harris & Associates, Inc.

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited, in accordance with the 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, the financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type of the Village of Adena, Jefferson County, (the Village) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, and have issued our report thereon dated May 29, 2023, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2022-002 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2022-001.

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying corrective action plan. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

May 29, 2023

Village of Adena
Jefferson County
Schedule of Findings
December 31, 2022 and 2021

| |
|--|
| Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS |
|--|

FINDING NUMBER 2022-001 - Non-Compliance - 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 did not adequately monitor fund balances.

As of December 31, 2021 and 2022, the OWDA Sewer Loan Payment fund (\$93,755) and OWDA Water Loan Payment fund (\$70,793) had negative fund balances.

We recommend the Village explore ways of increasing revenues or decreasing expenses to alleviate the negative fund balances. These funds began having deficit fund balances in 2015.

Management's Response:

See Corrective Action Plan

FINDING NUMBER 2022-002 - Material Weakness - Audit Reclassifications

During 2022 and 2021, errors were noted in the Village's financial statements that required audit reclassifications, the most significant of which are as follows:

- Water-sewer surcharges were incorrectly posted as proceeds of loans issued instead of charges for services for \$91,219 and \$69,681 in 2022 and 2021, respectively.
- During 2021, Debt Principal Retirement was overstated by \$1,297 and Interest and Other Fiscal Charges was understated by \$1,297.
- The notes to the financial statements included outdated information and excluded required disclosures.

Other immaterial posting errors were also noted and brought to the attention of management. The accompanying financial statements and the Village's records have been adjusted to properly reflect these transactions and the Village is in agreement with the adjustments.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Village adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the Village Officer's Handbook, the Uniform Accounting Network Manual, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management's Response:

See Corrective Action Plan

**VILLAGE OF ADENA
JEFFERSON COUNTY**

For the Years Ended December 31, 2022 and 2021

SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management

| FINDING NUMBER | FINDING SUMMARY | STATUS | ADDITIONAL INFORMATION |
|--------------------------|---|---------------|---------------------------|
| 2020-001 | On-Behalf Payments | Corrected | |
| 2020-002 | Ohio Rev. Code § 5705.10(I) Deficit Balances | Not corrected | |
| 2020-003 | Ohio Rev. Code § 5705.41(A) & (B) Annual Appropriations by April 1 and Expenditures Exceeded Appropriations | Corrected | |
| 2020-004 | Ohio Rev. Code § 5705.41(D) Use of Purchase Orders | Corrected | |
| 2020-005 | Financial Reporting and Fund Type Classification | Not corrected | |
| 2020-006 | Bank Reconciliations | Corrected | |
| 2020-007 | CARES Act | Corrected | |
| FFR December 16, 2022 | Findings for Recovery not collected \$ 28,291 | Unpaid | |

VILLAGE OF ADENA
JEFFERSON COUNTY

CORRECTIVE ACTION PLAN – Prepared by Management
December 31, 2022 and 2021

| FINDING NUMBER | PLANNED CORRECTIVE ACTION | ANTICIPATED COMPLETION DATE | RESPONSIBLE CONTACT PERSON |
|----------------|--|-----------------------------|------------------------------------|
| 2022-001 | The Fiscal Officer/Public Affairs have increased the Water and Sewer Rates and will closely review all transactions. | Immediately | Denise Genangel. Fiscal Officer |
| 2022-002 | The Fiscal Officer will report water-sewer surcharges as charges for services. | Immediately | Denise Genangel. Fiscal Officer |

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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 7/11/2023

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

This report is a matter of public record and is available online at
www.ohioauditor.gov