



Dave Yost • Auditor of State



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Village of Athalia
Lawrence County
Proctorville, Ohio

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Village of Athalia, Lawrence County, (the Village) for the years ended December 31, 2015 and 2014.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the Village's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Village's financial statements, transactions or balances for the years ended December 31, 2015 or 2014.

The Village's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Current Year Observations

1. The Village receives gas and motor vehicle license tax monies from the State treasury to be used to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to pay the costs apportioned to the municipal corporation; to purchase, erect and maintain traffic lights and signals; to pay the principal, interest, and charges on bonds and other obligations issued for the purpose of acquiring or constructing roads, highways, bridges, or viaducts or acquiring or making other highway improvements for which the municipal corporation may issue bonds; and to supplement revenue already available for such purposes. This money should be receipted into the Street Construction, Maintenance, and Repair Fund.

During 2015, the Village began charging payments for street lighting to the Street Construction, Maintenance, and Repair Fund. These expenditures represent Securing of Persons and Property program expenditures which should be charged as General Fund disbursements. The total amount charged to the Street Construction, Maintenance, and Repair Fund in 2015 was \$3,725 and the total amount charged in 2016 for the January 1, 2016 to November 1, 2016 time period was \$3,684 for a total of \$7,409.

In accordance with the foregoing facts, we hereby issue a finding for adjustment against the General Fund in favor of the Street Construction, Maintenance, and Repair Fund. As of the date of this report, management has not yet made the required adjustment back to the General Fund. In accordance with the foregoing facts, we hereby issue a finding for adjustment against the General Fund in favor of the Street Construction, Maintenance, and Repair Fund in the amount of \$7,409.

We recommend the Village review Ohio Revised Code guidelines and the Village Officer's Handbook to ensure payments and expenditures are made from the proper funds.

2. Ohio Admin. Code Section 117-2-02 (D) identifies the accounting records a local public office should maintain. Ohio Admin. Code Section 117-2-02 (C) requires that local public offices integrate the budgetary accounts at the legal level of control or lower in the financial accounting system. The Village maintained accounting records on a manual basis, and did not integrate the budgetary accounts by including estimated receipts and appropriations into the financial accounting records. The Village accounting records did not include budgetary information and encumbrances, making it more difficult for the Village to monitor budget versus actual amounts.
3. Ohio Rev. Code Section 5705.39 limits appropriations to estimated resources. General Fund appropriations of \$22,210 exceeded estimated resources by \$17,972 for the year ended December 31, 2015. Because appropriations authorize spending, appropriating more than estimated resources could result in deficit spending. The Village should reduce appropriations to the amount of estimated resources.
4. Ohio Rev. Code Section 5705.10(I) indicates money paid into a fund must be used only for the purposes for which such fund has been established. The General Fund had a deficit balance at December 31, 2015 of (\$7,025). As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. The Village of Athalia should take measures to resolve the General Fund cash balance deficit.

Current Status of Matters We Reported in our Prior Engagement

5. The prior basic audit report for the years ended December 31, 2013 and 2012 noted the following matters:
 - For the year ended December 31, 2013 and 2012 we recommended the fiscal officer perform formal bank reconciliations monthly to reconcile the bank balance to book balance by accounting for outstanding checks, outstanding deposits, and other reconciling items. The Village of Athalia corrected this matter during 2014 and 2015.
 - For the year ended December 31, 2013 and 2012 we reported the Village maintained accounting records on a manual basis, and did not integrate the budgetary accounts by including estimated receipts and appropriations into the financial accounting records. The Village accounting records did not include budgetary information and encumbrances, making it more difficult for the Village to monitor budget versus actual amounts. Ohio Admin. Code Section 117-2-02 (D) identifies the accounting records a local public office should maintain. Ohio Admin. Code Section 117-2-02 (C) requires that local public offices integrate the budgetary accounts at the legal level of control or lower in the financial accounting system. The Village of Athalia did not correct this matter during 2014 and 2015. See item 2 above.
 - For the year ended December 31, 2013 and 2012 we reported General Fund appropriations of \$28,650 exceeded estimated resources by \$24,245 for the year ended December 31, 2013. Ohio Rev. Code Section 5705.39 limits appropriations to estimated resources. Because appropriations authorize spending, appropriating more than estimated resources could result in deficit spending. The Village should reduce appropriations to the amount of estimated resources. The Village of Athalia did not correct this matter during 2014 and 2015. See item 3 above.

- For the year ended December 31, 2013 and 2012 we reported the General Fund had a deficit balance at December 31, 2013 of (\$9,967). Ohio Rev. Code Section 5705.10(I) indicates money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. The Village of Athalia should take measures to resolve the General Fund cash balance deficit. The Village of Athalia did not correct this matter during 2014 and 2015. See item 4 above.
- 2011-01 was a noncompliance citation / material weakness relating to Ohio Rev. Code Section 5705.41(D)(1) in which the Village did not use the encumbrance method of accounting as required by Ohio Revised Code Chapter 5705 for the years ended December 31, 2011 and 2010. The Village of Athalia did not correct this matter during 2012 and 2013 and did not correct this matter during 2014 and 2015.
- 2011-02 was a noncompliance citation relating to Ohio Admin. Code Sections 117-2-02(C) and (D) in which the Village did not record budgeted receipts and appropriations in the receipt and appropriation ledgers. The Village of Athalia did not correct this matter during 2012 and 2013 and did not correct this matter during 2014 and 2015. See item 2 above
- 2011-03 was a noncompliance citation in which appropriations exceeded estimated and available resources in the General and State Highway Funds. For 2013, we reported the General Fund appropriations exceeded estimated and available resources and we reported appropriations did not exceed estimated and available resources in the State Highway Fund for 2013. For 2015, the General Fund appropriations exceeded estimated and available resources. See item 3 above.
- 2011-04 was a noncompliance citation as a result of the General Fund balance being negative for December 31, 2011 and 2010. We reported the General Fund had a deficit balance at December 31, 2013 of (\$9,967). We noted the General Fund had a deficit balance at December 31, 2015 of (\$7,025). See item 4 above.



Dave Yost
Auditor of State

Columbus, Ohio

December 2, 2016

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VILLAGE OF ATHALIA

LAWRENCE 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
DECEMBER 15, 2016