



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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Village of Athalia  
Lawrence County  
14407 State Route 7  
Proctorville, Ohio 45669

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, 2019 and 2018.

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, 2019 and 2018.

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.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

## Current Year Observations

1. Sound financial reporting is the responsibility of the Village Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code. The Village Fiscal Officer should report all activity relating to the Village in the Village's annual financial report filed in the HINKLE system. We noted the following errors in the Village's annual financial reports:
  - The Activity of the Village's Mayor's Court such as the receipt of fines and court costs and monthly distributions to the State, Village and other municipalities was not included in the financial statements.
  - Expenditures for items such as Mayor's Court Magistrate, internet, and copier lease were paid from the Mayor's Court activity and reduced from the amount distributed to the Village monthly instead of being recorded in the Village's General Fund which resulted in General Fund revenues and expenditures being inaccurate and reported at a lower amount.

These types of errors and omissions can result in the annual financial statements not being accurate.

We recommend the Village adopt policies and procedures to identify and correct errors and omissions. We further recommend the Village Fiscal Officer ensure all activity of the Village is properly reported to ensure the year-end financial statements reflect all of the activity for the Village.

2. We noted that General Fund reported expenditures of \$114,551 exceeded appropriations of \$63,450 by approximately \$51,101 for the year ended December 31, 2019. Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing authority from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code. Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices. The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.
3. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We noted the due date for the 2019 financial report was March 2, 2020. The Village originally filed on February 29, 2020 however was required to refile due to the original filing not including financial statement. The completed report was filed on May 14, 2020. The Village should take measures to completely file their annual financial information by the due date.
4. We inquired of the Fiscal Officer and inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. The Fiscal Officer did not obtain training. We recommend the Fiscal Officer review training requirements and obtain the training required by the Fiscal Integrity Act.
5. The Village did not have a public records policy during the engagement period as required by Ohio Rev. Code § 149.43(B)(7)(c).
6. The Village did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
7. Each elected official did not attend a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(E)(1).
8. We were not provided with the public notices for the public meetings held during the engagement period to be able to determine the Village notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F).
9. 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. We recommend that the Village integrate budgetary information within their financial accounting system.

10. Ohio Rev. Code § 5705.41(D)(1) states the Village should not make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation or, in the case of the a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made, had been lawfully appropriated for such purpose and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon. During 2018 and 2019, the Village did not utilize the encumbrance method of accounting as required. We recommend that the Village use purchase orders for any contract or any order involving the expenditure of money as required by the Ohio Revised Code.

### **Current Status of Matters We Reported in our Prior Engagement**

1. The prior basic audit report for the years ended December 31, 2017 and 2016 noted the following matters:
  - For the year ended December 31, 2017 and 2016 we issued a finding for adjustment against the General Fund in favor of the Street Construction, Maintenance, and Repair Fund in the amount of \$7,796. The finding for adjustment was for street lighting charged for payments made during January 1, 2015 to December 6, 2016. We recommended the Village review Ohio Revised Code guidelines and the Village Officer's Handbook to ensure payments and expenditures are made from the proper funds. In January 2017, the Village began charging payments for street lighting to the General Fund. On July 7, 2020 the Village Council agreed to transfer funds back to the Street Construction Fund. The Fiscal Officer provided support for a total of \$7,796 adjusted from the General Fund to the Street Construction Fund.
  - For the year ended December 31, 2017 and 2016 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 2018 and 2019. See item 9 above.
  - For the year ended December 31, 2017 and 2016 the Village did not use the encumbrance method of accounting as required by Ohio Rev. Code Section 5705.41(D)(1). The Village did not correct this matter during 2018 and 2019. See item 10 above.



Keith Faber  
Auditor of State

Columbus, Ohio

August 12, 2020

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF ATHALIA**

**LAWRENCE 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 8/25/2020**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)