



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, 2013 and 2012.

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, 2013 or 2012.

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 Fiscal Officer did not prepare formal reconciliations of the Village's bank balance to book balance by accounting for outstanding checks, outstanding deposits, and other reconciling items. Checkmarks were made by the Fiscal Officer on the bank statements to indicate the completion of certain reconciling procedures; however, no formal reconciliation was performed. The Fiscal Officer identified several errors after filing annual financial reports; these errors consisted primarily of bank account deposits which had not been recorded to the Village's cashbook. Based on the reconciliation procedures performed by the fiscal officer, at December 31, 2013, the cashbook differs by \$208 from the bank statement. We recommend that 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. Reconciling cash is a critical control in assuring all transactions are posted accurately and in the proper accounting period. Unidentified differences result in inaccurate fund cash balance information, and conceivably could cause deficit spending. A lack of formal reconciliation procedures increases the risk that errors, theft or fraud may occur and not be detected in a timely manner. The Fiscal Officer should review transactions recorded since the last reconciliation and correct any errors.
2. 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.

3. 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.
4. 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.

Current Status of Matters We Reported in our Prior Engagement

5. The prior report for the years ended December 31, 2011 and 2010 noted the following matters:
 - 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.
 - 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.
 - 2011-03 was a noncompliance citation in which appropriations exceeded estimated and available resources in the General and State Highway Funds. For 2013, the General Fund appropriations exceeded estimated and available resources. Appropriations did not exceed estimated and available resources in the State Highway Fund for 2013.
 - 2011-04 was a noncompliance citation as a result of the General Fund balance being negative for December 31, 2011 and 2010. We noted the General Fund had a deficit balance at December 31, 2013 of (\$9,967).



Dave Yost
Auditor of State

Columbus, Ohio

September 5, 2014



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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
SEPTEMBER 18, 2014**