



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF ATHALIA
LAWRENCE COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Athalia
Lawrence County
14173 State Route 7
Proctorville, Ohio 45669

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 Athalia, Lawrence County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, 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 fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, or the changes in financial position 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 the 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 *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 February 20, 2025, 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.

A handwritten signature in black ink, appearing to read "Keith Faber". The signature is fluid and cursive, with the first name "Keith" and last name "Faber" clearly distinguishable.

Keith Faber
Auditor of State
Columbus, Ohio
February 20, 2025

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Village of Athalia, Ohio*Lawrence County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2023*

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|---|-----------------------|------------------------|---------------------|--------------------------------|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$12,156 | \$3,282 | | \$15,438 |
| Intergovernmental | 17,136 | 17,009 | \$60,840 | 94,985 |
| Fines, Licenses and Permits | 143,755 | 7,427 | | 151,182 |
| Earnings on Investments | 36 | 171 | | 207 |
| Miscellaneous | 573 | | | 573 |
| <i>Total Cash Receipts</i> | <u>173,656</u> | <u>27,889</u> | <u>60,840</u> | <u>262,385</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 145,806 | 6,811 | | 152,617 |
| Transportation | | 48,159 | | 48,159 |
| General Government | 16,204 | | | 16,204 |
| Capital Outlay | | | 60,840 | 60,840 |
| <i>Total Cash Disbursements</i> | <u>162,010</u> | <u>54,970</u> | <u>60,840</u> | <u>277,820</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>11,646</u> | <u>(27,081)</u> | <u>0</u> | <u>(15,435)</u> |
| Other Financing Receipts (Disbursements) | | | | |
| Other Financing Uses | (12,557) | | | (12,557) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(12,557)</u> | <u>0</u> | <u>0</u> | <u>(12,557)</u> |
| <i>Net Change in Fund Cash Balances</i> | (911) | (27,081) | 0 | (27,992) |
| <i>Fund Cash Balances, January 1</i> | <u>6,059</u> | <u>64,809</u> | | <u>70,868</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$5,148</u></u> | <u><u>\$37,728</u></u> | <u><u>\$0</u></u> | <u><u>\$42,876</u></u> |

See accompanying notes to the basic financial statements

Village of Athalia, Ohio

Lawrence County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2023

| | Custodial |
|---|------------------|
| | Mayor's Court |
| Additions | |
| Fines, Licenses, and Permits for Distribution | \$174,098 |
| <i>Total Additions</i> | 174,098 |
| Deductions | |
| Distributions to Governments | 174,098 |
| <i>Total Deductions</i> | 174,098 |
| <i>Net Change in Fund Balances</i> | 0 |
| <i>Fund Cash Balances, January 1</i> | 0 |
| <i>Fund Cash Balances, December 31</i> | \$0 |

See accompanying notes to the basic financial statements

Village of Athalia, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Athalia (the Village), Lawrence County, 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, maintenance of Village roads, park operations, and police services. The Village appropriates special revenue money to support a volunteer fire department.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. 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 additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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 & 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 repair of streets within the Village.

State Highway Fund The state highway fund accounts for and reports the portion of the state gasoline tax and motor vehicle registration fees restricted for construction, maintenance and repairs of the state highway.

Fire Fighting Fund The firefighting fund receives tax monies for providing fire protection to the Village.

Village of Athalia, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Mayor's Court Computer Fund The Mayor's Court Computer fund receives a fixed amount per citation for the operation of software and hardware for the Mayor's Court and record keeping.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

The Village had no trust funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for its Mayor's Court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 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 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) 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. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2023 budgetary activity appears in Note 4.

Village of Athalia, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

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 and the nonexpendable portion of the corpus in permanent funds.

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 (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.

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.

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 11.

Note 3 – Compliance

Contrary to Ohio law, the Village's appropriations exceeded the amount certified as available by the budget commission in the General, Street Construction, Maintenance and Repair, State Highway and Mayor's Court Computer funds by \$3,554, \$46,500, \$2,950 and \$310, respectively for the year ended December 31, 2023.

Village of Athalia, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

| 2023 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|-------------------|------------------|-----------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$178,000 | \$173,656 | (\$4,344) |
| Special Revenue | 23,450 | 27,889 | 4,439 |
| Capital Projects | 0 | 60,840 | 60,840 |
| Total | <u>\$201,450</u> | <u>\$262,385</u> | <u>\$60,935</u> |

| 2023 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|-------------------------|------------------------|-----------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$181,554 | \$174,567 | \$6,987 |
| Special Revenue | 73,210 | 54,970 | 18,240 |
| Capital Projects | 60,840 | 60,840 | 0 |
| Total | <u>\$315,604</u> | <u>\$290,377</u> | <u>\$25,227</u> |

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 and investments. A summary of the Village's deposit and investment accounts are as follows:

| | 2023 |
|--|----------------------|
| Demand deposits | <u>\$42,876</u> |
| Total carrying amount of deposits and investments held in the Pool | <u><u>42,876</u></u> |

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, 2023, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; 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.

Village of Athalia, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management programs and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

| | |
|-----------------|---------------|
| Assets | \$ 23,113,696 |
| Liabilities | (16,078,587) |
| Members' Equity | \$ 7,035,109 |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Village of Athalia, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Contingent Liabilities

The Village is not involved in any pending lawsuits.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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.

Village of Athalia, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

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Village of Athalia, Ohio*Lawrence 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 | \$10,942 | \$3,196 | \$14,138 |
| Intergovernmental | 17,308 | 38,836 | 56,144 |
| Fines, Licenses and Permits | 71,491 | | 71,491 |
| Earnings on Investments | 12 | 79 | 91 |
| <i>Total Cash Receipts</i> | <u>99,753</u> | <u>42,111</u> | <u>141,864</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 78,369 | 28,222 | 106,591 |
| Transportation | | 16,326 | 16,326 |
| General Government | 32,664 | | 32,664 |
| <i>Total Cash Disbursements</i> | <u>111,033</u> | <u>44,548</u> | <u>155,581</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(11,280)</u> | <u>(2,437)</u> | <u>(13,717)</u> |
| Other Financing Receipts (Disbursements) | | | |
| Other Financing Uses | (1,500) | | (1,500) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(1,500)</u> | <u>0</u> | <u>(1,500)</u> |
| Extraordinary Item | 9,640 | 0 | 9,640 |
| <i>Net Change in Fund Cash Balances</i> | <u>(3,140)</u> | <u>(2,437)</u> | <u>(5,577)</u> |
| <i>Fund Cash Balances, January 1</i> | <u>9,199</u> | <u>67,246</u> | <u>76,445</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$6,059</u></u> | <u><u>\$64,809</u></u> | <u><u>\$70,868</u></u> |

See accompanying notes to the basic financial statements

Village of Athalia, Ohio

Lawrence County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

Fiduciary Fund Type

For the Year Ended December 31, 2022

| | Custodial |
|---|------------------|
| | Mayor's Court |
| Additions | |
| Fines, Licenses, and Permits for Distribution | \$71,453 |
| <i>Total Additions</i> | <i>71,453</i> |
| Deductions | |
| Distributions to Governments | 71,453 |
| <i>Total Deductions</i> | <i>71,453</i> |
| <i>Net Change in Fund Balances</i> | <i>0</i> |
| <i>Fund Cash Balances, January 1</i> | <i>0</i> |
| <i>Fund Cash Balances, December 31</i> | <i>\$0</i> |
| <i>See accompanying notes to the basic financial statements</i> | |

Village of Athalia, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Athalia (the Village), Lawrence County, 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 maintenance of Village roads, park operations, and police services. The Village appropriates special revenue money to support a volunteer fire department.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. 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 additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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 & 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 repair of streets within the Village.

Coronavirus Relief Fund The Coronavirus Relief fund received revenues from the federal government through allocations apportioned through the state of Ohio and the Lawrence County Auditor's Office based on formulas derived for Local Government Funds.

State Highway Fund The state highway fund accounts for and reports the portion of the state gasoline tax and motor vehicle registration fees restricted for construction, maintenance and repairs of the state highway.

Village of Athalia, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Fire Fighting Fund The firefighting fund receives tax monies for providing fire protection to the Village.

Mayor's Court Computer Fund The Mayor's Court Computer fund receives a fixed amount per citation for the operation of software and hardware for the Mayor's Court and record keeping.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

The Village had no trust funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for its Mayor's Court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 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 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except for certain custodial funds) 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.

Village of Athalia, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

A summary of 2022 budgetary activity appears in Note 4.

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.

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 and the nonexpendable portion of the corpus in permanent funds.

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 (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.

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.

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 11.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Coronavirus Fund by \$18,541 for the year ended December 31, 2022.

Village of Athalia, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Also, at December 31, 2022 the Village's appropriations exceeded the amount certified as available by the budget commission in the General, Street Construction, Maintenance and Repair, State Highway and Fire Levy funds by \$8,803, \$46,528, \$3,057 and \$1,810, respectively.

Note 4 – Budgetary Activity

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

| 2022 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$151,464 | \$99,753 | (\$51,711) |
| Special Revenue | 46,416 | 42,111 | (4,305) |
| Total | <u>\$197,880</u> | <u>\$141,864</u> | <u>(\$56,016)</u> |

| 2022 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$160,267 | \$112,533 | (\$47,734) |
| Special Revenue | 79,270 | 44,548 | (34,722) |
| Total | <u>\$239,537</u> | <u>\$157,081</u> | <u>(\$82,456)</u> |

Note 5 – Deposits

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 and investments. A summary of the Village's deposit accounts are as follows:

| | |
|--------------------------------|-----------------|
| Demand deposits | \$70,868 |
| Total Deposits and Investments | <u>\$70,868</u> |

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 is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; 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.

Village of Athalia, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

| | |
|-----------------|---------------|
| Assets | \$ 21,662,291 |
| Liabilities | (18,158,351) |
| Members' Equity | \$ 3,503,940 |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Village of Athalia, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% percent of their gross salaries, and the Village contributed an amount equaling 14% percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 9 – Postemployment Benefits

Both OPERS and OP&F 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 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

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.

Note 10 – Contingent Liabilities

The Village is not involved in pending lawsuits.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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.

Village of Athalia, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – 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 received COVID-19 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.

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OHIO AUDITOR OF STATE KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Village of Athalia
Lawrence County
14173 State Route 7
Proctorville, Ohio 45669

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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Athalia, Lawrence County, (the Village) and have issued our report thereon dated February 20, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

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 certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 through 2023-007 that we consider to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2023-004 through 2023-007.

Village's Response 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 schedule of findings. 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.



Keith Faber
Auditor of State
Columbus, Ohio
February 20, 2025

**VILLAGE OF ATHALIA
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|--|

FINDING NUMBER 2023-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In order to achieve proper financial reporting, all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

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 statement is complete and accurate.

Due to deficiencies in internal control related to financial reporting, the Village misclassified and misposted various receipts, disbursements, and fund balances in the annual financial report submitted to the Auditor of State for fiscal years 2023 and 2022. Some of these errors were not material and as such, are not listed below and were not adjusted on the financial statements. However, the following misstatements occurred and had to be adjusted on the financial statements:

As of December 31, 2023:

- Mayor's Court Activity was not included as a Custodial Fund Statement in the statements filed with the Auditor of State. This caused the understatement of both amounts collected and amount distributed of \$174,098.
- OPWC on behalf of payments in the amount of \$60,840 was not recorded, thus understating Intergovernmental Receipts and Capital Outlay Disbursements for said amount for the Capital Projects Fund.
- Intergovernmental receipts of \$1,337 for the General Fund and \$197 for the Fire Fund were posted as \$1,422 to the Street Construction Maintenance & Repair Fund and \$112 to the State Highway Fund intergovernmental receipts.
- Mayor's Court Computer fund Fines, Licenses & Permits of \$785 were posted as Fines, Licenses & Permits in the General Fund.
- General Fund Miscellaneous Receipts of \$573 were posted as Fines, Licenses and Permits.

FINDING NUMBER 2023-001
(Continued)

As of December 31, 2022:

- Mayor's Court Activity was not included as a Custodial Fund Statement in the statement filed with the Auditor of State. This caused the understatement of both amounts collected and amount distributed of \$71,453.
- Intergovernmental receipts of \$1,256 for the General Fund and \$208 for the Fire Fund were posted \$1,354 to the Street Construction Maintenance & Repair Fund and \$110 to the State Highway Fund intergovernmental receipts.
- Intergovernmental Receipts of \$1,558 for the Street Construction Maintenance & Repair Fund and \$126 for the State Highway Fund were posted as General Fund Intergovernmental Receipts.
- General Fund Fines, Licenses & Permits of \$2,019 were posted as Fines, Licenses & Permits in the Mayor's Court Computer fund.
- An Extraordinary Item of Insurance Proceeds totaling \$9,640 were posted to the General fund as Fines, Licenses, & Permits.
- General Fund General Government expenditures of \$9,600 were posted as Security of Persons and Property.
- General Fund Other Financing Sources of \$3,107 were posted as General Government.

This resulted in audit adjustments and reclassifications to the financial statements. Any fund balance adjustments have been agreed to by management and posted to the Village's accounting system.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt and implement policies and procedures, including a final review of the statements and footnotes by the Village Fiscal Officer and Village Council to identify and correct errors and omissions.

Officials' Response:

The Village will strive to correct this in the future.

FINDING NUMBER 2023-002

Material Weakness – Mayors Court Bank Reconciliation

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Police Chief is responsible for reconciling the book (fund) balance to the total bank balance for the Mayor's Court on a monthly basis, and the Council, Fiscal Officer and Mayor are responsible for reviewing the reconciliations and related support.

FINDING NUMBER 2023-002
(Continued)

Due to a lack of controls over the Mayor's Court reconciliation process, monthly bank to book reconciliations were not prepared or reviewed each month of 2023 and 2022 for the Mayor's Court accounts. Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

As a result of the lack of reconciliation, the Village Mayor's Court did not properly remit in a timely fashion several of its state payments and county court payments. These payments were subsequently made, but the lack of reconciliation did result in payments not being properly made in a timely fashion. At the end of 2023, the following balances remained in the Mayor's Court Account that should have been remitted to the following agencies by the end of 2023 and 2022:

\$47,745 - Due to the State of Ohio for collections for February through December 2023.

\$904 - Due to the Lawrence County Municipal Court for a portion of monies collected in January through December 2023.

\$136 - Due to the Lawrence County Municipal Court for a portion of monies collected in July through December 2022.

The Village should establish control procedures over the Mayor's Court reconciliation and remitting processes. The Police Chief should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council, Fiscal Officer and Mayor should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews. The Village Mayor's Court should ensure that all monies are remitted to the appropriate agencies in a timely manner.

Officials' Response:

The Village will strive to correct this in the future.

FINDING NUMBER 2023-003

Material Weakness – Bank Reconciliation

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and Village Council is responsible for reviewing the reconciliations and related support.

FINDING NUMBER 2023-003
(Continued)

Due to a lack of controls over the reconciliation process, monthly bank to book reconciliations were not prepared or reviewed timely for each month of 2022 and 2023 and also 2023 reconciliations included outstanding items that were over 90 days old. Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements.

Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Village should establish control procedures over the Village account reconciliation process. The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, Village Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews

Officials' Response:

The Village will strive to correct this in the future.

FINDING NUMBER 2023-004

Material Weakness/Noncompliance

Ohio Rev. Code § 2949.091 requires the court, in which any person is convicted of or pleads guilty to any offense, to impose one of the following sums as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender:

- Thirty dollars if the offense is a felony.
- Twenty dollars if the offense is a misdemeanor other than a traffic offense that is not a moving violation; or
- Ten dollars if the offense is a traffic offense that is not a moving violation, excluding parking violations.

All such moneys collected during the month shall be transmitted on or before the twentieth of the following month by the clerk of the court to the Treasurer of State.

Due to a lack of controls over the Mayor's Court fine remittance process, the Village Police Chief, the clerk of the mayor's court, did not remit monies collected to the Treasurer of State by the twentieth day of the following month for the following months:

- September 2022 collections were not remitted until April 26, 2023
- October 2022 collections were not remitted until April 26, 2023.
- November 2022 collections were not remitted until February 17, 2023
- December 2022 collections were not remitted until February 17, 2023.
- February, March, April, May, June, July, August, September, October, November and December 2023 collections were not remitted until December 19, 2024.

FINDING NUMBER 2023-004
(Continued)

It was the responsibility of the Police Chief to remit these monies and during this time frame. Failure to remit the money collected to the State could result in a finding for recovery if the practice is continued.

The Village should establish control procedures over the Mayor's Court fine remitting process. The Village should remit the State portion of Mayor's Court fines and fees collected to the State on or before the twentieth day of the following month and submit all reports as required timely.

Officials' Response:

The Village will strive to correct this in the future.

FINDING NUMBER 2023-005

Material Weakness/Noncompliance

Ohio Rev. Code § 2941.094 states, in part, the court in which any person is convicted of or pleads guilty to any moving violation shall impose an additional court cost of ten dollars upon the offender. The court shall not waive the payment of the ten dollars unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender. The clerk of the court shall transmit thirty-five per cent of all additional court costs collected pursuant to this division during a month on or before the twenty-third day of the following month to the state treasury of which ninety-seven per cent shall be credited to the drug law enforcement fund created under section 5502.68 of the Revised Code and the remaining three per cent shall be credited to the justice program services fund created under section 5502.67 of the Revised Code. The clerk shall transmit fifteen per cent of all additional court costs so collected during a month on or before the twenty-third day of the following month to the county or municipal indigent drivers' alcohol treatment fund under the control of that court, as created by the county or municipal corporation under division (H) of section 4511.191 of the Revised Code. The clerk shall transmit fifty per cent of all additional court costs so collected during a month on or before the twenty-third day of the following month to the state treasury to be credited to the indigent defense support fund created pursuant to section 120.08 of the Revised Code.

Due to a lack of controls over the Mayor's Court fine remittance process, the Village Police Chief, the clerk of the mayor's court, did not remit monies collected to the Lawrence County Municipal Court by the twenty-third day of the following month for the following months:

- January and February 2022 collections were not remitted until April 10, 2022.
- April and May 2022 collections were not remitted until July 7, 2022.
- June 2022 to December 2023 collections were not remitted until December 9, 2024.

It is the responsibility of the Village's Police Chief to remit these monies and during this time frame. Failure to remit the money collected to the Lawrence County Municipal Court could result in a finding for recovery if the practice is continued.

The Village should establish control procedures over the Mayor's Court fine remitting process. The Village should remit the Lawrence County Municipal Court's portion of Mayor's Court fines and fees collected to the State on or before the twenty-third day of the following month and submit all reports as required timely.

Officials' Response:

The Village will strive to correct this in the future.

FINDING NUMBER 2023-006

Material Weakness/Noncompliance

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, the taxing authority of each subdivision shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary. If the taxing authority desires to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

Ohio Rev. Code § 5705.38(C) requires the following for "subdivisions" other than schools: "Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services."

The Village lacked internal controls over the budgetary process. For 2023 and 2022, the Village Council, the taxing authority of the Village, did not approve any temporary or permanent annual appropriation measures. However, the Village did file appropriations with the County Auditor.

The failure to approve appropriations may result in spending greater than available resources and could lead to deficit fund balances.

The Village should establish an internal control process over the budgetary process. In addition, they should approve appropriations and accurately record approvals in the meeting minute records.

Officials' Response:

The Village will strive to correct this in the future.

FINDING NUMBER 2023-007

Material Weakness/Noncompliance

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

Due to the lack of internal controls, the Village's appropriations exceeded the amount certified as available by the budget commission as follows:

In 2023, the General Fund by \$3,554, the Street Construction Maintenance & Repair Fund by \$46,500, the State Highway Fund by \$2,950 and the Mayor's Court Computer Fund by \$310.

In 2022, the General Fund by \$8,803, the Street Construction Maintenance & Repair Fund by \$46,528, the State Highway Fund by \$3,057 and the Mayor's Court Computer Fund by \$1,810.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

FINDING NUMBER 2023-007
(Continued)

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Village Council to reduce the appropriations.

Officials' Response:

The Village will strive to correct this in the future.

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 3/11/2025

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