



Dave Yost • Auditor of State





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August 20, 2018

Village of Athalia  
Lawrence County  
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, 2017 and 2016.

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, 2017 or 2016.

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. 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. In addition to the \$7,409 finding for adjustment noted in the prior year report that the Village has not yet adjusted, the Village also charged \$387 in December 2016 to the Street Construction, Maintenance and Repair Fund. In January 2017, the Village began charging payments for street lighting to the General Fund.

As of the date of this report, management has not yet made the adjustment to move these expenditures 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 total amount of \$7,796.

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.

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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. We recommend that the Village integrate budgetary information within their financial accounting system.
3. Ohio Rev. Code Section 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 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 2016 and 2017, 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**

4. The prior basic audit report for the years ended December 31, 2015 and 2014 noted the following matters:
  - For the year ended December 31, 2015 and 2014 we issued a finding for adjustment against the General Fund in favor of the Street Construction, Maintenance, and Repair Fund in the amount of \$7,409. The finding for adjustment was for street lighting charged for payments made during January 1, 2015 to November 1, 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. As of the date of this report, management has not yet made the required adjustment to move these adjustments to the General Fund. See item 1 above.
  - For the year ended December 31, 2015 and 2014 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 2016 and 2017. See item 2 above.
  - For the year ended December 31, 2015 and 2014 we reported General Fund appropriations of \$22,210 exceeded estimated resources by \$17,972 for the year ended December 31, 2015. 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. For the year ended December 31, 2016 General Fund appropriations of \$15,930 exceeded estimated resources by \$2,455. The Village of Athalia corrected this matter during 2017.

- For the year ended December 31, 2015 and 2014 we reported the General Fund had a deficit balance at December 31, 2015 of (\$7,025). 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 corrected this matter during 2016 and 2017.
- For the year ended December 31, 2015 and 2014 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 2016 and 2017. See item 3 above.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

August 20, 2018

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# Dave Yost • Auditor of State

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 11, 2018