



**VILLAGE OF ATHALIA  
LAWRENCE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**VILLAGE OF ATHALIA  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Athalia  
Lawrence County  
1073 Wylie Street  
Proctorville, Ohio 45669

To the Village Council:

We have audited the accompanying financial statements of the Village of Athalia, Lawrence County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Athalia, Lawrence County, Ohio, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2000 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 grants.

This report is intended solely for the information and use of the audit committee, management, and Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

May 31, 2000



**VILLAGE OF ATHALIA  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$220	\$1,726		\$1,946
Intergovernmental Receipts	18,866	5,890	\$7,500	32,256
Fines, Licenses, and Permits	16,111			16,111
Earnings on Investments	190			190
Miscellaneous	2,617			2,617
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	38,004	7,616	7,500	53,120
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	20,715			20,715
Leisure Time Activities	12			12
Transportation	330	5,424		5,754
General Government	8,834			8,834
Capital Outlay			7,500	7,500
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	29,891	5,424	7,500	42,815
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	8,113	2,192		10,305
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	3,221	6,375		9,596
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$11,334</b> <hr/>	<hr/> <b>\$8,567</b> <hr/>	<hr/> <b>\$0</b> <hr/>	<hr/> <b>\$19,901</b> <hr/>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF ATHALIA  
STATEMENT OF CASH RECEIPTS, CASH  
DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Cash Receipts	\$20,757
Total Non-Operating Cash Receipts	20,757
<b>Non-Operating Cash Disbursements:</b>	
Other Non-operating Cash Disbursements	20,242
Total Non-Operating Cash Disbursements	20,242
Operating Income/(Loss)	515
Fund Cash Balance, January 1	0
<b>Fund Cash Balance, December 31</b>	<b>\$515</b>

*The notes to the financial statements are an integral part of this statement.*



**VILLAGE OF ATHALIA  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$272	\$1,591	\$1,863
Intergovernmental Receipts	17,745	4,909	22,654
Fines, Licenses, and Permits	1,268		1,268
Earnings on Investments	131		131
Miscellaneous	754		754
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	20,170	6,500	26,670
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	8,643		8,643
Leisure Time Activities	15		15
Basic Utility Services	3,620		3,620
Transportation	342	2,578	2,920
General Government	7,584		7,584
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	20,204	2,578	22,782
Total Receipts Over/(Under) Disbursements	<hr/> (34)	<hr/> 3,922	<hr/> 3,888
Fund Cash Balances, January 1	<hr/> 3,255	<hr/> 2,453	<hr/> 5,708
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$3,221</u></u></b>	<b><u><u>\$6,375</u></u></b>	<b><u><u>\$9,596</u></u></b>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF ATHALIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Athalia, Lawrence County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including park operations (leisure time activities), maintenance of streets, police and fire protection, and general Village maintenance.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Village held no investments during the audit period.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

State Highway Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village highways.

**VILLAGE OF ATHALIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

FEMA Fund - This fund receives federal monies for flood related losses within the Village.

COPS Fast Fund - This fund receives Federal and State monies to be used for the purpose of maintaining an adequate police force to patrol and protect the Village.

**3. Capital Project Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Sewer Project Fund - This fund receives grant monies to construct sewer project.

**4. Agency Fund**

This fund is used to account for assets held by the Village in a council capacity or as an agency for individuals, private organizations, other governmental units, and other funds. This includes an agency fund. The Village had the following significant Agency Fund:

Mayor's Court Fund - This fund is used to account for the activities of the Village's Mayor's Court. The Mayor's Court was established in March, 1999.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. 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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**VILLAGE OF ATHALIA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$20,416</u>	<u>\$9,596</u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 45,616	\$ 38,004	\$ (7,612)
Special Revenue	9,500	7,616	(1,884)
Capital Projects	25,000	7,500	(17,500)
Total	\$ 80,116	\$ 53,120	\$ (26,996)

**VILLAGE OF ATHALIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 51,450	\$ 29,891	\$ 21,559
Special Revenue	10,000	5,424	4,576
Capital Projects	25,000	7,500	17,500
Total	<u>\$ 86,450</u>	<u>\$ 42,815</u>	<u>\$ 43,635</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 30,228	\$ 20,170	\$ (10,058)
Special Revenue	9,500	6,500	(3,000)
Total	<u>\$ 39,728</u>	<u>\$ 26,670</u>	<u>\$ (13,058)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 31,800	\$ 20,204	\$ 11,596
Special Revenue	6,500	2,578	3,922
Total	<u>\$ 38,300</u>	<u>\$ 22,782</u>	<u>\$ 15,518</u>

The Village did not properly encumber funds prior to incurring obligations.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF ATHALIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**5. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). The Mayor, as well as the Clerk and Council members, belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10 percent of their wages to the PFDPF. The Village contributed an amount equal to 19.5 percent of their wages. PERS members contributed 8.5 percent of their gross salaries. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

The Village is a member of the Ohio Government Risk Management Plan. The Plan assumes the risk of loss up to the limits of the Village's policy. The Plan assess supplemental premiums. The following risks are covered by the Plan:

- General liability and casualty
- Public official's liability
- Vehicle
- Property



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Athalia  
Lawrence County  
1073 Wylie Street  
Proctorville, Ohio 45669

To the Village Council:

We have audited the financial statements of the Village of Athalia, Lawrence County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-30744-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 31, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 31, 2000.

This report is intended for the information and use of the audit committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

May 31, 2000



**VILLAGE OF ATHALIA  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-30744-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D) provides no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. This section provides for two exceptions to be the above requirements:

- A. "Then and Now" Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certification, if such expenditure is otherwise valid
  
- B. If the amount involved is less than one thousand dollars the fiscal officer may authorize it to be paid without the affirmation of the Village.

Most of the Village liabilities and open purchase commitments did not include prior certification of the availability of funds by the Clerk, nor was there evidence of a "then and now" certificate being used by Clerk. These commitments also were not subsequently approved by the Council within the aforementioned 30 day time period.

We recommend that the Clerk properly certify funds before the time of payment.

**VILLAGE OF ATHALIA  
CORRECTIVE ACTION PLAN  
DECEMBER 31, 1999 AND 1998**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-30744-001	Clerk intends to certify funds prior to time of payment for purchase.	6/30/00	Andrea Shafer, Clerk



STATE OF OHIO  
OFFICE OF THE AUDITOR

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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  
JULY 13, 2000**