



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF NEW ATHENS  
HARRISON COUNTY  
DECEMBER 31, 2020 AND 2019**

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**INDEPENDENT AUDITOR'S REPORT**

Village of New Athens  
Harrison County  
P.O. Box 126  
New Athens, Ohio 43981

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of New Athens, Harrison County, Ohio (the Village).

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit; 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.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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* paragraph, the financial statements referred to above 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, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the years ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 10 to the 2019 financial statements, the Village restated the January 1, 2019 fund balances in the Enterprise Funds for prior year errors. Also, as discussed in Note 12 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding these matters.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 29, 2021

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**Village of New Athens, Ohio**  
*Harrison County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2020*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$17,578	\$10,225	\$0	\$27,803
Intergovernmental	23,679	25,709	0	49,388
Fines, Licenses and Permits	0	2,400	0	2,400
Earnings on Investments	23	7	0	30
Miscellaneous	19,983	0	0	19,983
<i>Total Cash Receipts</i>	<u>61,263</u>	<u>38,341</u>	<u>0</u>	<u>99,604</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	16,912	1,418	0	18,330
Leisure Time Activities	142	0	0	142
Transportation	0	22,697	0	22,697
General Government	29,463	0	0	29,463
Debt Service:				
Principal Retirement	0	2,600	0	2,600
Interest and Fiscal Charges	0	566	0	566
<i>Total Cash Disbursements</i>	<u>46,517</u>	<u>27,281</u>	<u>0</u>	<u>73,798</u>
<i>Excess of Receipts Over Disbursements</i>	<u>14,746</u>	<u>11,060</u>	<u>0</u>	<u>25,806</u>
<b>Other Financing Receipts</b>				
Other Financing Sources	2,433	0	0	2,433
<i>Total Other Financing Receipts</i>	<u>2,433</u>	<u>0</u>	<u>0</u>	<u>2,433</u>
Special Item	200	0	0	200
<i>Net Change in Fund Cash Balances</i>	17,379	11,060	0	28,439
<i>Fund Cash Balances, January 1</i>	<u>23,139</u>	<u>40,879</u>	<u>53</u>	<u>64,071</u>
<i>Fund Cash Balances, December 31</i>	<u>\$40,518</u>	<u>\$51,939</u>	<u>\$53</u>	<u>\$92,510</u>

*See accompanying notes to the basic financial statements*

**Village of New Athens, Ohio**  
*Harrison County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2020*

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$215,674
Miscellaneous	4,277
	<u>219,951</u>
<i>Total Operating Cash Receipts</i>	<u>219,951</u>
<b>Operating Cash Disbursements</b>	
Personal Services	62,239
Employee Fringe Benefits	11,056
Contractual Services	97,169
Supplies and Materials	31,059
	<u>201,523</u>
<i>Total Operating Cash Disbursements</i>	<u>201,523</u>
<i>Operating Income</i>	<u>18,428</u>
<b>Non-Operating Receipts</b>	
Other Financing Sources	1,393
	<u>1,393</u>
<i>Total Non-Operating Receipts</i>	<u>1,393</u>
<i>Net Change in Fund Cash Balances</i>	19,821
<i>Fund Cash Balances, January 1</i>	<u>76,099</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$95,920</u></u>

*See accompanying notes to the basic financial statements*

**Village of New Athens, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of New Athens (the Village), Harrison 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 water and sewer utilities, street maintenance, park operations, and police services. The Village contracts with New Athens Fire Department for fire protection services.

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 receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are 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 Fund:

***Street Construction Maintenance and Repair Fund*** This street construction maintenance and repair fund accounts for and reports that portion of State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

***Water Fund*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. This fund receives charge for services from residents to cover water service charges.

***Sewer Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. This fund receives charges for services from residents to cover sewer service costs.

**Village of New Athens, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code §117.38 and Ohio Administrative Code 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 § 117.38 and Ohio Administrative Code 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial funds) 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 are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2020 budgetary activity appears in Note 4.

***Deposits***

The Village invests all available funds in an interest-bearing checking accounts.

***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:

**Village of New Athens, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Balance***

***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 Police Department Fund by \$13,068 for the year ended December 31, 2020.

**Village of New Athens, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$64,905	\$63,896	(\$1,009)
Special Revenue	110,541	38,341	(72,200)
Enterprise	271,533	221,344	(50,189)
<b>Total</b>	<b>\$446,979</b>	<b>\$323,581</b>	<b>(\$123,398)</b>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$60,145	\$46,597	\$13,548
Special Revenue	88,041	27,281	60,760
Enterprise	236,926	202,017	34,909
<b>Total</b>	<b>\$385,112</b>	<b>\$275,895</b>	<b>\$109,217</b>

**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:

	2020
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$188,430
Total carrying amount of deposits held in the Pool (ties to FS)	\$188,430

***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.

**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.

**Village of New Athens, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 6 – Taxes (Continued)**

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.

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

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**

*Commercial Insurance*

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 8 – Defined Benefit Pension Plan**

*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, 2020.

**Note 9 – Postemployment Benefits**

OPERS offers 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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

**Village of New Athens, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Note 10 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
USDA Bond - Dump Truck	\$17,100	2.875%
OPWC #CN27C Waterline project	\$10,062	0.00%
Total	\$27,162	

The Ohio Public Works Commission (OPWC) Loan #CN27C relates to the Culbertson Drive water line replacement project. The loan was issued in 2000 for \$64,725 for a period of 20 years. The Village will repay the loan in semiannual payments from the Water Fund. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Village, on May 16, 2016, issued bonds from the United State Department of Agriculture (USDA) in the amount of \$27,000 to purchase a dump truck to be used for Village operations. It will be repaid in annual installments from the Street Fund over 10 years. The bonds are collateralized by the dump truck.

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	USDA Bond	OPWC #CN27C
2021	\$3,092	\$2,874
2022	3,217	2,874
2023	3,136	2,874
2024	3,156	1,440
2025	3,072	0
2026	3,189	0
Total	\$18,862	\$10,062

**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. As of December 31, 2020, there were no nonspendable balances. There were \$80 in encumbrances in the General Fund.

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.



**Village of New Athens, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**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. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, 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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**Village of New Athens, Ohio**  
*Harrison County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2019*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$17,646	\$9,885	\$0	\$27,531
Intergovernmental	23,392	21,173	0	44,565
Charges for Services	0	6,000	0	6,000
Fines, Licenses and Permits	0	23,310	0	23,310
Earnings on Investments	63	13	0	76
Miscellaneous	5,366	0	0	5,366
<i>Total Cash Receipts</i>	<u>46,467</u>	<u>60,381</u>	<u>0</u>	<u>106,848</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	7,475	37,051	0	44,526
Leisure Time Activities	1,461	0	0	1,461
Transportation	0	15,708	0	15,708
General Government	27,724	0	0	27,724
Debt Service:				
Principal Retirement	0	2,500	0	2,500
Interest and Fiscal Charges	0	638	0	638
<i>Total Cash Disbursements</i>	<u>36,660</u>	<u>55,897</u>	<u>0</u>	<u>92,557</u>
<i>Excess of Receipts Over Disbursements</i>	<u>9,807</u>	<u>4,484</u>	<u>0</u>	<u>14,291</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Financing Sources	594	0	0	594
Other Financing Uses	0	(1,558)	0	(1,558)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>594</u>	<u>(1,558)</u>	<u>0</u>	<u>(964)</u>
<i>Net Change in Fund Cash Balances</i>	10,401	2,926	0	13,327
<i>Fund Cash Balances, January 1</i>	<u>12,738</u>	<u>37,953</u>	<u>53</u>	<u>50,744</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	40,879	53	40,932
Unassigned (Deficit)	<u>23,139</u>	<u>0</u>	<u>0</u>	<u>23,139</u>
<i>Fund Cash Balances, December 31</i>	<u>\$23,139</u>	<u>\$40,879</u>	<u>\$53</u>	<u>\$64,071</u>

*See accompanying notes to the basic financial statements*

**Village of New Athens, Ohio**  
*Harrison County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2019*

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$194,486
<i>Total Operating Cash Receipts</i>	<u>194,486</u>
<b>Operating Cash Disbursements</b>	
Personal Services	59,726
Employee Fringe Benefits	11,382
Contractual Services	116,845
Supplies and Materials	<u>36,681</u>
<i>Total Operating Cash Disbursements</i>	<u>224,634</u>
<i>Operating Loss</i>	<u>(30,148)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	2,245
Principal Retirement	(2,875)
Other Financing Sources	2,658
<i>Total Non-Operating Receipts</i>	<u>2,028</u>
<i>Net Change in Fund Cash Balances</i>	(28,120)
<i>Fund Cash Balances, January 1</i>	<u>104,219</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$76,099</u></u>

*See accompanying notes to the basic financial statements*

**Village of New Athens, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Village of New Athens (the Village), Harrison 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 water and sewer utilities, street maintenance, park operations, and police services. The Village contracts with New Athens Fire Department for fire protection services.

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 receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are 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 and Repair Fund*** This street construction maintenance and repair fund accounts for and reports that portion of State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Police Levy Fund*** The police levy fund was authorized by voters for renewal on November 19, 2019 for a maximum rate of 2.0 mill for five years. This fund supports police salaries, building, and equipment repairs.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

***Water Fund*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. This fund receives charge for services from residents to cover water service charges.

**Village of New Athens, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Enterprise Funds (Continued)***

***Sewer Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. This fund receives charges for services from residents to cover sewer service costs.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 § 117.38 and Ohio Administrative Code 117-2-03 (D) 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 are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2019 budgetary activity appears in Note 3.

***Deposits***

The Village invests all available funds in an interest-bearing checking accounts.

**Village of New Athens, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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.

***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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

***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.

**Village of New Athens, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,215	\$47,061	(\$6,154)
Special Revenue	77,925	60,381	(17,544)
Enterprise	271,033	199,389	(71,644)
Total	\$402,173	\$306,831	(\$95,342)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,115	\$36,740	\$8,375
Special Revenue	54,356	57,455	(3,099)
Enterprise	261,844	228,003	33,841
Total	\$361,315	\$322,198	\$39,117

**Note 4 – Deposits**

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

	2019
Demand deposits	\$140,170

***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.

**Note 5 – 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.



**Village of New Athens, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

**Note 5 – Taxes (Continued)**

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

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

**Note 6 – Risk Management**

*Commercial Insurance*

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 7 – Defined Benefit Pension Plan**

*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, 2019.

**Note 8 – Postemployment Benefits**

OPERS offers 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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

**Note 9 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
USDA Bonds - Dump Truck	\$19,700	2.875%
OPWC #CN27C Waterline project	\$10,062	0.00%
Total	\$29,762	

**Village of New Athens, Ohio**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

**Note 9 – Debt (Continued)**

The Ohio Public Works Commission (OPWC) Loan #CN27C relates to the Culbertson Drive water line replacement project. The loan was issued in 2000 for \$64,725 for a period of 20 years. The Village will repay the loan in semiannual payments from the Water Fund. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Village, on May 16, 2016, issued bonds from the United State Department of Agriculture (USDA) in the amount of \$27,000 to purchase a dump truck to be used for Village operations. It will be repaid in annual installments from the Street Fund over 10 years. The bonds are collateralized by the dump truck.

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	USDA Bond	OPWC #CN27C
2020	\$3,166	\$2,874
2021	3,092	2,874
2022	3,217	2,874
2023	3,136	1,440
2024	3,156	0
2025-2026	6,262	0
Total	\$22,029	\$10,062

**Note 10 – Restatement of Prior year Balance**

The Village had the following restatement:

Reported Fund Balance at December 31, 2018:	Enterprise Fund \$107,482
Prior period errors:	(3,263)
Restated Fund Balance at January 1, 2019:	\$104,219



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

Village of New Athens  
Harrison County  
P.O. Box 126  
New Athens, Ohio 43981

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of New Athens, Harrison County, Ohio (the Village), and have issued our report thereon dated December 29, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit. We also noted the Village restated the January 1, 2019 fund balance in the Enterprise Funds. In addition, we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2020-004 through 2020-006 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2020-001 through 2020-003.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 29, 2021

**VILLAGE OF NEW ATHENS  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2020-001**

**Noncompliance/Finding for Recovery/Repaid Under Audit**

**Ohio Rev. Code § 731.13** provides, in part, that the legislative authority of a village shall fix the compensation and bonds of all officers, clerks, and employees of the village except as otherwise provided by law. The legislative authority shall, in the case of elective officers, fix their compensation for the ensuing term of office at a meeting held not later than five days prior to the last day fixed by law for filing as a candidate for such office. All bonds shall be made with sureties subject to the approval of the mayor. The compensation so fixed shall not be increased or diminished during the term for which any officer is elected or appointed. This section does not prohibit the payment of any increased costs of continuing to provide the identical benefits provided to an officer at the commencement of his term of office.

The Mayor's compensation was set at \$250 a month for a total of \$3,000 each year. During 2019, Village Mayor, Joseph Petro received an additional \$300 on December 9, 2019 when Village Council members were paid for their meeting attendance from June - December 2019. In addition, Mr. Petro also received an additional \$300 on June 26, 2020 and \$300 on December 31, 2020, when Village Council were paid for their meeting attendance for January-June and July-December 2020.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Mr. Joseph Petro and the Ohio Plan Risk Management, Inc., his bonding company, in the amount of \$900 and in favor of the Village's General Fund.

Mr. Petro repaid the \$900 referenced above on November 12, 2021 on receipt number 193-2021. The amount was repaid back into the Village's General Fund.

**FINDING NUMBER 2020-002**

**Noncompliance**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Police Department Fund had expenditures in excess of appropriations of \$13,068 at December 31, 2020.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**VILLAGE OF NEW ATHENS  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2020-003**

**Noncompliance**

**Ohio Rev. Code § 5705.41(D)(1)** provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract 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 encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

1. “Then and Now” certificate – If the chief fiscal officer can certify both at the time the contract or order was made (“then”), and at the time the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, Council can authorize the drawing of a warrant for the payment of the amount due. Council has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – The auditor or fiscal officer may prepare “blanket” certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, eighty-six percent of the transactions tested at year-end were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**VILLAGE OF NEW ATHENS  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2020-003 (Continued)**

**Noncompliance - Ohio Rev. Code § 5705.41(D)(1) (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

**FINDING NUMBER 2020-004**

**Material Weakness**

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) to the accounting system 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 the Village Council is responsible for reviewing the reconciliations and related support.

The Village had a long outstanding deposit in transit of \$3,263 from August 2018 included as an other adjusting factor on their bank to book reconciliations for 2019 and 2020. This deposit in transit was actually a receipt that was posted twice in August 2018 to the Water/Sewer Funds. Failure to accurately 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 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, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

**VILLAGE OF NEW ATHENS  
HARRISON COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2020-005**

**Material Weakness**

In our audit engagement letter, as required by AU-C § 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 § 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

At December 31, 2019, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variances and funds are as follows:

	Approved	UAN System	Variance
General Fund	\$53,215	\$55,048	(\$1,833)
Street Construction Maintenance and Repair Fund	27,720	28,049	(329)
State Highway Fund	4,005	3,666	339
Police Department Fund	40,075	38,112	1,963
Water Operating Fund	165,600	164,600	1,000
Sewer Operating Fund	105,000	104,219	781

At December 31, 2019, appropriations as approved by the Village Council did not agree to the Village's accounting system. The variances are as follows:

	Approved	UAN System	Variance
General Fund	\$45,065	\$45,065	\$45,065
Street Construction, Repair, and Maintenance Fund	19,710	28,049	(8,339)
State Highway Fund	5,100	3,666	1,434
Permissive MVL Fund	4,005	6,125	(2,120)
Police Department Fund	25,075	38,144	(13,069)
Water Operating Fund	155,600	164,600	(9,000)
Sewer Operating Fund	105,000	104,219	781



**VILLAGE OF NEW ATHENS  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2020-005 (Continued)**

**Material Weakness (Continued)**

At December 31, 2020, appropriations as approved by the Village Council did not agree to the Village's accounting system. The variances are as follows:

	Approved	UAN System	Variance
General Fund	\$60,065	\$64,905	(\$4,840)
Street Construction, Repair, and Maintenance Fund	36,715	59,215	(22,500)
Water Operating Fund	126,000	152,200	(26,200)
Sewer Operating Fund	110,000	118,500	(8,500)

The General Fund, Special Revenue, and Enterprise Funds' estimated receipts were understated \$13,150, \$4,325, and \$10,000, respectively, in the notes to the financial statements at December 31, 2019. In addition, the General and Special Revenue Fund appropriations were overstated \$15,000 and \$36,715, respectively, and Enterprise appropriations were understated \$25,033 in the notes to the financial statements at December 31, 2019.

Further, the General, Special Revenue, and Enterprise Funds' estimated receipts were understated \$4,840, \$19,936, and \$35,533, respectively, in the notes to the financial statements at December 31, 2020. Lastly, the General, Special Revenue, and Enterprise Funds' appropriations were overstated \$4,920, \$81,715, and \$34,471, respectively, in the notes to the financial statements at December 31, 2020.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not properly posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could and did lead to inaccurate reporting of the budgetary information in the notes to the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

**FINDING NUMBER 2020-006**

**Material Weakness**

In our audit engagement letter, as required by AU-C § 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 § 210 paragraphs .A14 & .A16.

**VILLAGE OF NEW ATHENS  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2020-006 (Continued)**

**Material Weakness (Continued)**

The following errors were noted in the financial statements that required audit adjustment or reclassification:

In 2019:

- General Fund intergovernmental receipts of \$4,415 were incorrectly posted as taxes receipts;
- General Fund intergovernmental receipt of \$778 was incorrectly posted as taxes in the Street Construction Maintenance and Repair Fund;
- General Fund intergovernmental receipts of \$2,073 were incorrectly posted as intergovernmental receipts in the Street Construction Maintenance and Repair Fund and the State Highway Fund of \$1,555 and \$518, respectively;
- General Fund miscellaneous receipts of \$4,487 were incorrectly posted as other financing source receipts;
- Street Construction Maintenance and Repair Fund intergovernmental receipt of \$1,130 was incorrectly posted to Permissive Motor Vehicle License Tax Fund as intergovernmental;
- Street Construction Maintenance and Repair Fund intergovernmental receipt of \$764 was incorrectly posted as intergovernmental in the State Highway Fund;
- Street Construction Maintenance and Repair Fund debt service principal retirement disbursements and interest and fiscal charges of \$1,117 and \$319, respectively, were incorrectly posted as debt service principal retirement and interest and fiscal charges of \$1,117 and \$319, respectively, in the Water Operating Fund;
- Street Construction Maintenance and Repair Fund debt service principal retirement disbursements and interest and fiscal charges of \$1,383 and \$319, respectively, were incorrectly posted as debt service principal retirement and interest and fiscal charges of \$1,383 and \$319, respectively, in the Sewer Operating Fund;
- Permissive Motor Vehicle License Tax Fund tax receipts of \$1,480 were incorrectly posted as intergovernmental receipts;
- Permissive Motor Vehicle License Tax Fund tax receipt of \$524 was incorrectly posted to the Street Construction Maintenance and Repair Fund as taxes;
- Police Fund charges for services receipt of \$6,000 was incorrectly posted as other financing source receipt;
- Police Fund intergovernmental receipts of \$1,319 were incorrectly posted to the General Fund as taxes;
- Water Operating Fund personal service expenditures of \$1,001 were overstated due to a voided check from 2018;
- Water Operating Fund January 1, 2019 beginning fund balance was overstated \$2,093 due to a duplicate receipt posted from August 2018 reported as a deposit in transit;
- Sewer Operating Fund January 1, 2019 beginning fund balance was overstated \$1,170 due to a duplicate receipt posted from August 2018 reported as a deposit in transit; and
- Sewer Operating Fund personal service expenditures of \$781 were overstated due to a voided check from 2018.

**VILLAGE OF NEW ATHENS  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2020-006 (Continued)**

**Material Weakness (Continued)**

In 2020:

- General Fund miscellaneous receipt of \$12,184 was incorrectly posted as other financing source receipts;
- General Fund intergovernmental receipts of \$3,116 was incorrectly posted to the Street Construction Maintenance and Repair Fund as taxes;
- General Fund intergovernmental receipts of \$4,115 were incorrectly posted as taxes receipts;
- Street Construction Maintenance and Repair Fund debt service principal retirement disbursements and interest and fiscal charges of \$2,600 and \$566, respectively, were incorrectly posted as debt service principal retirement and interest and fiscal charges of \$2,600 and \$566, respectively, in the Water Operating Fund;
- Permissive Motor Vehicle License Tax Fund intergovernmental receipts of \$1,914 were incorrectly posted as taxes receipts;
- Sewer Operating Fund miscellaneous receipt of \$1,968 was incorrectly posted to the General Fund as miscellaneous receipts; and
- Water Operating Fund miscellaneous receipt of \$2,309 was incorrectly posted to the General Fund as miscellaneous receipts.

The Fiscal Officer made classification errors in posting of receipts, disbursements and fund balance. This caused the incorrect postings noted above. The audited financial statements and the Village's UAN accounting system have been adjusted for the items noted above.

The Fiscal Officer should review the Village handbook for guidance to ensure the financial statements are complete and accurate.

**Officials' Response:** We did not receive a response from Officials to these findings.

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# VILLAGE OF NEW ATHENS

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 New Athens, Ohio 43981

740-968-6181  
[navc6181@hotmail.com](mailto:navc6181@hotmail.com)

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
Auditor of State 2017-2018 Cover Letter from the financial audit report	Finding for Recovery issued for public money illegally expended in the amount of \$2,035 against former Police Chief from January 1, 2013 – July 31, 2017.		Ongoing court trial.
2018-001	Material Weakness for financial reporting.	Not Corrected.	Financial reporting is strong with monthly bank reconciliations. Will review Village Handbook for posting receipts when questions arise.
2018-002	Ohio Rev. Code § 5705.39 – Appropriations exceeding estimated resources.	Partially Corrected.	Village file appropriations with County Auditor starting in 2022.
2018-003	Ohio Admin. Code 117-2-02(A) & Material Weakness for incomplete voucher packets.	Corrected.	
2018-004	Ohio Rev. Code § 117.38 & Material Weakness for Hinkle Filing being incomplete.	Corrected.	

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF NEW ATHENS**

**HARRISON 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 1/25/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

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