



OHIO AUDITOR OF STATE
KEITH FABER



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Village of Athalia
Lawrence County
14173 State Route 7
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, 2021 and 2020.

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, 2021 and 2020.

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. Sound financial reporting is the responsibility of the Village Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code. The Village Fiscal Officer should report all activity relating to the Village in the Village's annual financial report filed in the HINKLE system. We noted the following errors in the Village's annual financial reports:
 - The Activity of the Village's Mayor's Court and police impound such as the receipt of fines and court costs and monthly distributions to the State, Village and other municipalities was not included in the financial statements.

These types of errors and omissions can result in the annual financial statements not being accurate.

We recommend the Village adopt policies and procedures to identify and correct errors and omissions. We further recommend the Village Fiscal Officer ensure all activity of the Village is properly reported to ensure the year-end financial statements reflect all of the activity for the Village.

2. We noted that General Fund appropriations of \$151,313 exceeded estimated resources of \$146,314 by approximately \$4,999 for the year ended December 31, 2021. Further, we noted that General Fund appropriations exceeded actual resources of \$140,489 by approximately \$10,824 for the year ended December 31, 2021. In addition, the 2021 appropriation measure was not filed with the County Auditor's Office.

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

Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative cash fund balances. Further, failure to file appropriation measures with the County Auditor prevents the County Auditor from filing a certificate that total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Village Council to reduce the appropriations. Further, the Village should ensure that all appropriation measures once approved are filed with the County Auditor’s Office.

3. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We noted the due date for the 2021 financial report was March 1, 2022. The Village originally filed on March 1, 2022 however was required to refile due to the original filing not including the footnotes to the financial statements. The completed report was filed on December 9, 2022. The Village should take measures to completely file their annual financial information by the due date.
4. The Village did not have a public records policy during the engagement period as required by Ohio Rev. Code § 149.43(B)(7)(c).
5. The Village did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
6. Each elected official did not attend a certified three-hour Public Records Training for each term of office as required by Ohio Rev. Code § 109.43(E)(1).
7. We were not provided with the public notices for the public meetings held during the engagement period to be able to determine the Village notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F).
8. Ohio Rev. Code § 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 the 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 2020 and 2021, the Village did not consistently 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. We further recommend the purchase orders be certified by the fiscal officer and maintained on file and attached to the related expenditure documentation.

Current Status of Matters We Reported in our Prior Engagement

1. The prior basic audit report for the years ended December 31, 2019 and 2018 noted the following matters:
 - For the year ended December 31, 2019 and 2018 we reported the General Fund reported expenditures of \$114,551 exceeded appropriations of \$63,450 by approximately \$51,101 for the year ended December 31, 2019. Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing authority from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code. The Village of Athalia corrected this matter during 2020 and 2021.
 - For the year ended December 31, 2021 and 2020 we reported that we inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81 and the Fiscal Officer had not obtain training. As of the date of this report, the current Fiscal Officer who started on July 1, 2021 has achieved 6.50 of the required 8.25 hours and has met the ethics requirement.
 - For the year ended December 31, 2019 and 2018 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. During 2020, the Village of Athalia converted its accounting system to the Uniform Accounting Network (UAN) which integrates the budgetary accounts into the financial accounting system.

Item 1 and items 3 through 8 noted above were also reported in our prior engagement for the years ended December 31, 2019 and 2018.



Keith Faber
Auditor of State
Columbus, Ohio
April 6, 2023

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ATHALIA

LAWRENCE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 4/18/2023

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This report is a matter of public record and is available online at
www.ohioauditor.gov