



**Auditor of State
Betty Montgomery**

VILLAGE OF CHESHIRE
GALLIA COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings	19

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Cheshire
Gallia County
201 State Route 554
P.O. Box 276
Cheshire, Ohio 45620

To the Village Council:

We have audited the accompanying financial statements of the Village of Cheshire, Gallia County, Ohio (the Village), as of and for the years ended December 31, 2003 and 2002. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

The Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

As discussed 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 Cheshire, Gallia County, as of December 31, 2003 and 2002, 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 19, 2004 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 8, 2004

**VILLAGE OF CHESHIRE
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 925	\$	\$	\$ 925
Intergovernmental Receipts	66,043	10,354		76,397
Fines, Licenses, and Permits	285			285
Earnings on Investments	189	94	1	284
Miscellaneous	2,325			2,325
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	69,767	10,448	1	80,216
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
Security of Persons and Property	31,618			31,618
Leisure Time Activities	393			393
Basic Utility Services	160			160
Transportation		10,422		10,422
General Government	69,690			69,690
Debt Service:				
Principal Payments	10,000			10,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	111,861	10,422	0	122,283
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(42,094)	26	1	(42,067)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	63,230	23,593	324	87,147
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 21,136</u>	<u>\$ 23,619</u>	<u>\$ 325</u>	<u>\$ 45,080</u>

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

**VILLAGE OF CHESHIRE
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 456	\$	\$	\$ 456
Intergovernmental Receipts	66,496	12,052		78,548
Fines, Licenses, and Permits	276			276
Earnings on Investments	468	161	3	632
Miscellaneous	4,615			4,615
	<u>72,311</u>	<u>12,213</u>	<u>3</u>	<u>84,527</u>
Total Cash Receipts				
	<u>72,311</u>	<u>12,213</u>	<u>3</u>	<u>84,527</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	25,742			25,742
Transportation		9,157		9,157
General Government	54,136			54,136
	<u>79,878</u>	<u>9,157</u>	<u>0</u>	<u>89,035</u>
Total Cash Disbursements				
	<u>79,878</u>	<u>9,157</u>	<u>0</u>	<u>89,035</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(7,567)</u>	<u>3,056</u>	<u>3</u>	<u>(4,508)</u>
Fund Cash Balances, January 1	<u>70,797</u>	<u>20,537</u>	<u>321</u>	<u>91,655</u>
Fund Cash Balances, December 31	<u>\$ 63,230</u>	<u>\$ 23,593</u>	<u>\$ 324</u>	<u>\$ 87,147</u>

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

**VILLAGE OF CHESHIRE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Cheshire, Gallia 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 street maintenance and police services. The Village contracts with the Village of Middleport, Meigs County, to provide fire protection services.

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. 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 prescribed or permitted by the Auditor of State.

C. Cash

Cash accounts are valued at cost. The Village had no investments.

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 to be accounted for in another fund.

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 Fund:

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

**VILLAGE OF CHESHIRE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Funds

These funds are 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 Projects Fund - This fund received funding from the Ohio Water Development Authority (OWDA) for the planning of a new sewer project.

E. Budgetary Process

The Ohio Revised Code requires that each fund 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.

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. The Village did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 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.

**VILLAGE OF CHESHIRE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH

The Village maintains a cash 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:

	2003	2002
Demand deposits	\$45,080	\$87,147

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$84,586	\$69,767	(\$14,819)
Special Revenue	11,361	10,448	(913)
Capital Projects	11,732	1	(11,731)
Total	\$107,679	\$80,216	(\$27,463)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$147,816	\$111,861	\$35,955
Special Revenue	34,954	10,422	24,532
Capital Projects	12,056	0	12,056
Total	\$194,826	\$122,283	\$72,543

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$82,645	\$72,311	(\$10,334)
Special Revenue	13,030	12,213	(817)
Capital Projects	11,390	3	(11,387)
Total	\$107,065	\$84,527	(\$22,538)

**VILLAGE OF CHESHIRE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$153,442	\$79,878	\$73,564
Special Revenue	31,567	9,157	22,410
Capital Projects	11,712	0	11,712
Total	\$196,721	\$89,035	\$107,686

Contrary to Ohio law, reduced amended certificates were not obtained as required for all funds in 2003 and for the General Fund and Sewer Projects Fund in 2002.

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 payments, 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.

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$8,000	0.00%

The Ohio Water Development Authority (OWDA) loan relates to the general planning of a new wastewater treatment system. The loan is uncollateralized. The loan will be repaid in annual installments of \$1,200, for a period of 5 years, with a final payment of \$2,000 due in 2009.

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

**VILLAGE OF CHESHIRE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT (Continued)

	<u>OWDA Loan</u>
Year ending December 31:	
2004	\$1,200
2005	1,200
2006	1,200
2007	1,200
2008	1,200
2009	2,000
Total	<u><u>\$8,000</u></u>

6. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 2003 and 2002, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Inland marine;
- Public official's liability; and
- Vehicles.

This page intentionally left blank.



Auditor of State Betty Montgomery

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

Village of Cheshire
Gallia County
201 State Route 554
P.O. Box 276
Cheshire, Ohio 45620

To the Village Council:

We have audited the accompanying financial statements of the Village of Cheshire, Gallia County, Ohio (the Village), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 8, 2004, wherein we noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2003-001 through 2003-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 8, 2004.

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 September 8, 2004.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

Village of Cheshire
Gallia County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 8, 2004

**VILLAGE OF CHESHIRE
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Finding for Recovery

Jerry Darst, Deputy for the Village completed time cards as evidence of hours worked. These timecards were turned in to the Village Fiscal Officer for processing. Hours recorded on the 2002 payroll ledger did not always agree to hours recorded on the time sheets. The number of hours listed on the payroll ledger exceeded the number of hours listed on the timecards on several occasions. Since payment was made from the hours recorded in the payroll ledger, Jerry Darst was over compensated 62 hours as follows:

Month of Service*/Year	No. of Hours per Time Card	Calculated Gross Pay	No. of Hours per Payroll Ledger	Amount Paid per Payroll Ledger	Variance in Hours	Variance in Dollars
December 2001	79	\$ 869.00	80	\$ 880.00	(1)	\$ (11.00)
January 2002	68	748.00	80	880.00	(12)	(132.00)
February 2002	75	825.00	80	880.00	(5)	(55.00)
March 2002	75	825.00	80	880.00	(5)	(55.00)
April 2002	81	891.00	80	880.00	1	11.00
July 2002	139	1,529.00	140	1,540.00	(1)	(11.00)
August 2002	104	1,144.00	120	1,320.00	(16)	(176.00)
September 2002	124	1,364.00	141	1,551.00	(17)	(187.00)
November 2002	161	1,771.00	167	1,837.00	(6)	(66.00)
Totals	906	\$ 9,966.00	968	\$ 10,648.00	(62)	\$ (682.00)

* - Payment for the month of service is made at the beginning of the following month.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for public money illegally expended is hereby issued jointly and severally against Jerry Darst, Deputy, Jennifer Harrison, Village Clerk, and her bonding company, the Personal Service Insurance Company, in the amount of \$682.00 in favor of the Village General Fund.

**VILLAGE OF CHESHIRE
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

FINDING NUMBER 2003-002

Finding for Recovery

During the period April 1, 2002 through July 13, 2003, the Village of Cheshire (the Village), had contracts with the Gallia County Sheriff's Department, (the Sheriff), and the Gallia County Commissioners to provide policing services. The contracts, (dated April 1, 2002 for the period of April 1, 2002 through March 31, 2002 and dated May 5, 2003 for the period of April 1, 2003 through March 31, 2004, subsequently canceled by the Sheriff effective July 13, 2003), called for the Sheriff to appoint a Deputy agreeable to the Village and furnish said deputy with an adequate vehicle. The contracts also stated at paragraph three "The Village in consideration for this police protection agrees to pay directly to the designated deputy, the sum of \$11.00 per hour..." Jerry Darst was employed by the Sheriff as a part-time Deputy from April 2002 through June 2003. During that period, he was also appointed as the designated Deputy to provide policing services for the Village. Mr. Darst reported his policing service hours for the Village on timesheets and provided said timesheets to the Village Clerk for compensation. In addition, as part of the Sheriff's procedures, Mr. Darst maintained timesheets for the hours in which he was working for the Sheriff and submitted those timesheets to the Sheriff for compensation. A comparison of timesheets submitted by Mr. Darst to the Village and to the Sheriff revealed that on several occasions Mr. Darst reported the same working hours to the Village and the Sheriff. As a result, Mr. Darst was compensated by the Village and the Sheriff for the same 216.5 hours worked. Mr. Darst's timesheets submitted to the Village did identify 5 of these hours were for his attendance at the November 4, 2002 Village Council meeting and therefore should have been paid for by the Village, (this issue has been referred to the County for consideration in the County audit). There was no documentation indicating that the remaining 211.5 hours, (216.5 less 5 hours), of this time was for patrolling services for the Village.

A letter from David L. Martin, Gallia County Sheriff, dated August 18, 2004, states in part, "when Mr. Darst was on the clock at the Sheriff's Office, his primary employer, he was compensated by the Gallia County Sheriff's Office and discrepancies on the time served in the Village of Cheshire, his personal service contract, should be handled by the Village of Cheshire". The letter further states, "the Gallia County Sheriff's Office is not requesting any reimbursement for any possible duplicate service".

Therefore, Mr. Darst was overcompensated by the Village in the amount of \$2,326.50 (211.5 hours x \$11 per hour) according to the following schedule:

Date	Overlapping Time per the Village and the Sheriff's Timesheets	# of Hours	The Village's Hourly Rate	Amount Over Compensated
5/11/2002	10 am - 2 pm	4	\$11.00	\$44.00
5/17/2002	11 pm - 12 am	1	11.00	11.00
5/18/2002	12 am - 4 am	4	11.00	44.00
5/26/2002	10 pm - 12 am	2	11.00	22.00
5/27/2002	12 am - 12:30 am	0.5	11.00	5.50
6/7/2002	11 pm - 12 am	1	11.00	11.00
6/8/2002	12 am - 6 am	6	11.00	66.00
6/29/2002	5 pm - 10 pm	5	11.00	55.00
7/27/2002	1 pm - 8 pm	7	11.00	77.00
7/28/2002	2 pm - 9 pm	7	11.00	77.00
8/4/2002	10 am - 3 pm	5	11.00	55.00
8/7/2002	5 pm - 10 pm	5	11.00	55.00
8/11/2002	9 am - 1 pm	4	11.00	44.00

**VILLAGE OF CHESHIRE
GALLIA COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

**FINDING NUMBER 2003-002
(Continued)**

Date	Overlapping Time per the Village and the Sheriff's Timesheets	# of Hours	The Village's Hourly Rate	Amount Over Compensated
9/4/2002	6 pm - 10 pm	4	11.00	44.00
9/8/2002	12 pm - 3 pm	3	11.00	33.00
9/12/2002	8 pm - 11 pm	3	11.00	33.00
9/15/2002	12 am - 6 am	6	11.00	66.00
9/16/2002	6 pm - 10 pm	4	11.00	44.00
9/18/2002	11 pm - 12 am	1	11.00	11.00
9/19/2002	12 am - 2 am, 11 pm - 12 am	3	11.00	33.00
9/20/2002	12 am - 2 am	2	11.00	22.00
9/21/2002	1 pm - 4 pm	3	11.00	33.00
9/22/2002	11 am - 3 pm	4	11.00	44.00
10/16/2002	6 pm - 12 am	6	11.00	66.00
10/27/2002	7 am - 3 pm	8	11.00	88.00
11/14/2002	12 am - 2 am, 6 pm - 10 pm	6	11.00	66.00
11/17/2002	9 am - 3 pm	6	11.00	66.00
11/22/2002	12 am - 2 am	2	11.00	22.00
11/23/2002	7 pm - 12 am	5	11.00	55.00
11/24/2002	12 am - 4 am	4	11.00	44.00
12/2/2002	9 pm - 11 pm	2	11.00	22.00
12/3/2002	9 pm - 11 pm	2	11.00	22.00
12/4/2002	5 pm - 11 pm	6	11.00	66.00
12/7/2002	10 pm - 11 pm	1	11.00	11.00
12/14/2002	11 pm - 12 am	1	11.00	11.00
12/15/2002	12 am - 7 am, 6 pm - 9 pm	10	11.00	110.00
12/24/2002	11 pm - 12 am	1	11.00	11.00
12/25/2002	12 am - 5 am	5	11.00	55.00
12/26/2002	12 am - 5 am	5	11.00	55.00
12/27/2002	12 am - 5 am, 11 pm - 12 am	6	11.00	66.00
12/28/2002	12 am - 4 am	4	11.00	44.00
1/8/2003	9 pm - 10 pm	1	11.00	11.00
1/19/2003	10 am - 3 pm	5	11.00	55.00
1/26/2003	7 am - 9 am	2	11.00	22.00
2/1/2003	11 pm - 12 am	1	11.00	11.00
2/2/2003	12 am - 4 am	4	11.00	44.00
2/14/2003	11 pm - 12 am	1	11.00	11.00
2/15/2003	12 am - 5 am	5	11.00	55.00
2/16/2003	9 pm - 12 am	3	11.00	33.00
2/17/2003	12 am - 3 am, 3 pm - 11 pm	11	11.00	121.00
2/21/2003	11 pm - 12 am	1	11.00	11.00
2/22/2003	12 am - 6 am	6	11.00	66.00
2/27/2003	11 pm - 12 am	1	11.00	11.00
2/28/2003	12 am - 6 am	6	11.00	66.00
	Total:	211.5		\$2,326.50

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for public money illegally expended is hereby issued against Jerry Darst, Deputy, in the amount of \$2,326.50 in favor of the Village General Fund.

**VILLAGE OF CHESHIRE
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

FINDING NUMBER 2003-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states no order or contract involving the expenditure of money are to be made unless there is a certificate of the fiscal officer 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.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that she is completing her certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1000 (increased to \$3000 on April 7, 2003) may be paid by the fiscal officer without such affirmation of the taxing authority 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 taxing authority.

During 2002, 12% of expenditure transactions tested were obligated prior to obtaining the certification of the fiscal officer and no "then and now" certificate were prepared. During 2003, 18% of expenditure transactions tested were obligated prior to obtaining the certification of the fiscal officer and no "then and now" certificate were prepared.

We recommend all purchases contain the fiscal officers certification that the amount required 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, prior to obligation.

FINDING NUMBER 2003-004

Noncompliance Citation

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

**VILLAGE OF CHESHIRE
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

**FINDING NUMBER 2003-004
(Continued)**

Appropriations exceeded actual resources in the General Fund and the Sewer Projects Fund in 2002 resulting in actual resources falling below the level of appropriation as follows:

Fund	Actual Resources	Appropriations	Variance
General	\$143,108	\$153,442	(\$10,334)
Sewer Projects	\$324	\$11,712	\$11,388

Appropriations exceeded actual resources in 2003 resulting in actual resources falling below the level of appropriation as follows:

Fund	Actual Resources	Appropriations	Variance
General	\$132,997	\$147,816	\$(14,819)
Street Construction, Maintenance and Repair	\$26,563	\$27,388	(\$825)
State Highway	\$7,478	\$7,566	(\$88)
Sewer Projects	\$325	\$12,056	(\$11,731)

This could allow deficit spending to occur.

We recommend the Village monitor budget versus actual receipts and amend the certificate of estimated resources when it becomes apparent that actual receipts will be significantly less than estimated receipts, resulting in appropriations exceeding actual resources. Once the certificate of resources is amended, a corresponding amendment to the appropriations should be approved.

This page intentionally left blank.

**VILLAGE OF CHESHIRE
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-30727-001	Noncompliance citation of Ohio Rev. Code Section 5705.41(D) for not obtaining the Village Clerk's certification prior to obligation of a purchase.	No	Not Corrected – See Finding Number 2003-001 in the Schedule of Findings



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF CHESIRE

GALLIA 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
DECEMBER 7, 2004**