



**VILLAGE OF CHAUNCEY  
ATHENS COUNTY  
Regular Audit  
For the Years Ended December 31, 2019 and 2018**

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Marietta, OH 45750  
740 373 0056

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304 422 2203

150 W. Main St., #A  
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KEITH FABER



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Village Council  
Village of Chauncey  
PO Box 227  
Chauncey, Ohio 45719

We have reviewed the *Independent Auditor's Report* of the Village of Chauncey, Athens County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Chauncey is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

October 1, 2020

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**Village of Chauncey**  
*Athens County*

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## INDEPENDENT AUDITOR'S REPORT

August 7, 2020

Village of Chauncey  
Athens County  
PO Box 227  
Chauncey, Ohio 45719

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Village of Chauncey**, Athens County, (the Village) as of and for the years ended December 31, 2019 and 2018.

### ***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 Section 117.38 and Ohio Administrative Code Section 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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
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***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 Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 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, 2019 and 2018, and the respective changes in financial position or cash flows 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 by fund type, and related notes of the Village of Chauncey, Athens County as of December 31, 2019 and 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matters***

As discussed in Note 12 to the financial statements, during 2019 and 2018, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Council. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2020, 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.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 40,915	\$ -	\$ 40,915
Intergovernmental	28,864	44,292	73,156
Fines, Licenses and Permits	100	-	100
Earnings on Investments	295	231	526
Miscellaneous	1,496	456	1,952
<i>Total Cash Receipts</i>	<u>71,670</u>	<u>44,979</u>	<u>116,649</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	11,732	-	11,732
Transportation	-	25,732	25,732
General Government	44,355	-	44,355
<i>Total Cash Disbursements</i>	<u>56,087</u>	<u>25,732</u>	<u>81,819</u>
<i>Net Change in Fund Cash Balances</i>	15,583	19,247	34,830
<i>Fund Cash Balances, January 1</i>	<u>35,363</u>	<u>51,071</u>	<u>86,434</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	70,318	70,318
Unassigned	50,946	-	50,946
<i>Fund Cash Balances, December 31</i>	<u>\$ 50,946</u>	<u>\$ 70,318</u>	<u>\$ 121,264</u>

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

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 393,644	\$ -	\$ 393,644
<i>Total Operating Cash Receipts</i>	<u>393,644</u>	<u>-</u>	<u>393,644</u>
<b>Operating Cash Disbursements</b>			
Personal Services	72,119	-	72,119
Employee Fringe Benefits	9,161	-	9,161
Contractual Services	84,990	-	84,990
Supplies and Materials	26,499	-	26,499
Other	44,875	-	44,875
<i>Total Operating Cash Disbursements</i>	<u>237,644</u>	<u>-</u>	<u>237,644</u>
<i>Operating Income</i>	156,000	-	156,000
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	912	-	912
Capital Outlay	(149)	-	(149)
Principal Retirement	(55,458)	-	(55,458)
Interest and Other Fiscal Charges	(10,772)	-	(10,772)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(65,467)</u>	<u>-</u>	<u>(65,467)</u>
<i>Net Change in Fund Cash Balances</i>	90,533	-	90,533
<i>Fund Cash Balances, January 1</i>	<u>190,798</u>	<u>21</u>	<u>190,819</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 281,331</u>	<u>\$ 21</u>	<u>\$ 281,352</u>

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

**Note 1 – Reporting Entity**

The Village of Chauncey (the Village), Athens 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 general government, maintenance of Village streets and water and sewer utilities. The Athens County Sheriff's Department provides security of persons and property within the Village.

**Public Entity Risk Pool**

The Village participates in a public entity risk pool for insurance purposes. Note 6 to the financial statements provides additional information for this entity. 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 (cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

**Fund Accounting**

The Village uses funds to maintain 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** Special revenue 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** The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle registration fees restricted for construction, maintenance and repair of streets within the Village.

**Enterprise Funds** Enterprise 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 fund:

**Water Fund** The Water Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** The Sewer enterprise fund accounts for the provision of sanitary sewer service to the residents and commercial users within the Village.

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

***Fund Accounting (Continued)***

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village disburses these funds as directed by the individual, organization, or other government. The Village's agency fund accounts for Mayor's Court, this fund accounts for activity of the Village in Mayor's Court; however, Mayor's Court is no longer active. The fund was left open in case Mayor's Court is reinstated in the future.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 117-2- 03(D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund, except certain agency 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-end 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 and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**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.

**Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**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 classified 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 Chauncey**  
Athens County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 87,000	\$ 71,670	\$ (15,330)
Special Revenue	35,875	44,979	9,104
Enterprise	395,000	394,556	(444)
Total	\$ 517,875	\$ 511,205	\$ (6,670)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 86,700	\$ 56,087	\$ 30,613
Special Revenue	35,875	25,732	10,143
Enterprise	406,391	304,023	102,368
Total	\$ 528,966	\$ 385,842	\$ 143,124

**Note 4 – Deposits**

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

	2019
Demand deposits	\$ 402,616

**Deposits**

Deposits are insured by the Federal Depository 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 – 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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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**

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Interfund Balances**

***Advances***

Outstanding advances at December 31, 2019, consisted of \$5,000 advanced to the Sewer Fund by the General Fund during 2016 to provide working capital for operations or projects.

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some 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 healthcare 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.

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

**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 0.0 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 10 – Debt**

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

	Principal	Interest Rate
OPWC #CT779	\$ 6,260	0%
OPWC #CR604	10,000	0%
OPWC #CR21A	21,147	0%
OPWC #CT68E	74,467	0%
Water System Revenue Bonds-01	13,000	5%
Water System Revenue Bonds-02	11,000	7.875%
OWDA #3923	233,689	2%
OWDA #4736	10,686	5%
OWDA #5653	19,650	2%
Total	\$ 399,899	

Ohio Public Works Commission (OPWC) loans CT779, CR604 and CT21A relate to wastewater treatment plant/collection system and water system improvements. The Village will repay the interest free loans in semi-annual installments over 20 years. The Village will repay the loans from charges for sewer service revenue.

OPWC loan CT68E relates to water distribution system improvements. The Village will repay the interest free loan in semi-annual installments over 20 years. The Village will repay the loan from charges for water service revenue.

The Water System Revenue Bonds relate to improvements to the water distribution system for Village residents. The Village will repay bonds in semi-annual installments over 40 years from charges for water service revenue. The Village's taxing authority collateralized the bonds.

The Ohio Water Development Authority (OWDA) loan 3923 relates to a water distribution system improvements project. The Village will repay the loan in semi-annual installments of \$9,610, including interest, over 30 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The OWDA loan 4736 relates to a water system improvements project. The Village will repay the loan in semi-annual installments of \$808, including interest, over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The OWDA loan 5653 relates to a water distribution system improvements project. The Village will repay the loan in semi-annual installments of \$972, including interest, over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.



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

**Note 10 – Debt (Continued)**

Amortization of the above debt is scheduled as follows:

Year ending December 31:	OWDA #3923	OWDA #4736	OWDA #5653	Bonds-01
2020	\$ 19,222	\$ 1,616	\$ 1,945	\$ 5,800
2021	19,221	1,616	1,944	5,550
2022	19,222	1,616	1,945	6,300
2023	19,221	1,616	1,944	-
2024	19,222	1,616	1,945	-
2025-2029	96,107	5,656	9,722	-
2030-2034	67,275	-	2,917	-
Total	<u>\$ 259,490</u>	<u>\$ 13,736</u>	<u>\$ 22,362</u>	<u>\$ 17,650</u>

Year ending December 31:	OPWC #CT779	OPWC #CR604	OPWC #CR21A	OPWC #CT68E	Bonds - 02
2019	\$ 6,260	\$ 10,000	\$ 10,573	\$ 11,456	\$ 3,886
2020	-	-	10,574	11,457	3,630
2021	-	-	-	11,456	3,394
2022	-	-	-	11,457	2,158
2023	-	-	-	11,456	-
2024-2028	-	-	-	17,185	-
Total	<u>\$ 6,260</u>	<u>\$ 10,000</u>	<u>\$ 21,147</u>	<u>\$ 74,467</u>	<u>\$ 13,068</u>

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 12 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 42,243	\$ -	\$ 42,243
Intergovernmental	20,085	40,134	60,219
Earnings on Investments	220	165	385
Miscellaneous	1,891	2,475	4,366
<i>Total Cash Receipts</i>	<u>64,439</u>	<u>42,774</u>	<u>107,213</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	11,502	-	11,502
Transportation	-	31,807	31,807
General Government	43,889	-	43,889
<i>Total Cash Disbursements</i>	<u>55,391</u>	<u>31,807</u>	<u>87,198</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	9,048	10,967	20,015
<b>Other Financing Receipts</b>			
Sale of Capital Assets	3,120	-	3,120
<i>Total Other Financing Receipts</i>	<u>3,120</u>	<u>-</u>	<u>3,120</u>
<i>Net Change in Fund Cash Balances</i>	12,168	10,967	23,135
<i>Fund Cash Balances, January 1</i>	<u>23,195</u>	<u>40,104</u>	<u>63,299</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	51,071	51,071
Unassigned	35,363	-	35,363
<i>Fund Cash Balances, December 31</i>	<u>\$ 35,363</u>	<u>\$ 51,071</u>	<u>\$ 86,434</u>

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

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 405,803	\$ -	\$ 405,803
<i>Total Operating Cash Receipts</i>	<u>405,803</u>	<u>-</u>	<u>405,803</u>
<b>Operating Cash Disbursements</b>			
Personal Services	84,065	-	84,065
Employee Fringe Benefits	10,256	-	10,256
Contractual Services	96,965	-	96,965
Supplies and Materials	33,310	-	33,310
Other	50,095	-	50,095
<i>Total Operating Cash Disbursements</i>	<u>274,691</u>	<u>-</u>	<u>274,691</u>
<i>Operating Income</i>	131,112	-	131,112
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	2,968	-	2,968
Principal Retirement	(38,328)	-	(38,328)
Interest and Other Fiscal Charges	(5,580)	-	(5,580)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(40,940)</u>	<u>-</u>	<u>(40,940)</u>
<i>Net Change in Fund Cash Balances</i>	90,172	-	90,172
<i>Fund Cash Balances, January 1</i>	<u>100,626</u>	<u>21</u>	<u>100,647</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 190,798</u>	<u>\$ 21</u>	<u>\$ 190,819</u>

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

**Note 1 – Reporting Entity**

The Village of Chauncey (the Village), Athens 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 general government, maintenance of Village streets and water and sewer utilities. The Athens County Sheriff's Department provides security of persons and property within the Village.

**Public Entity Risk Pool**

The Village participates in a public entity risk pool for insurance purposes. Note 6 to the financial statements provides additional information for this entity. 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 (cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

**Fund Accounting**

The Village uses funds to maintain 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** Special revenue 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** The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle registration fees restricted for construction, maintenance and repair of streets within the Village.

**Enterprise Funds** Enterprise 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 fund:

**Water Fund** The Water Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** The Sewer enterprise fund accounts for the provision of sanitary sewer service to the residents and commercial users within the Village.

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

***Fund Accounting (Continued)***

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village disburses these funds as directed by the individual, organization, or other government. The Village's agency fund accounts for Mayor's Court, this fund accounts for activity of the Village in Mayor's Court; however, Mayor's Court is no longer active. The fund was left open in case Mayor's Court is reinstated in the future.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 117-2- 03(D) permit.

***Budgetary Process***

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

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**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.

**Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**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 classified 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 Chauncey**  
Athens County  
Notes to the Financial Statements  
For the Year Ended December 31, 2018

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 87,000	\$ 67,559	\$ (19,441)
Special Revenue	35,875	42,774	6,899
Enterprise	395,000	408,771	13,771
Total	\$ 517,875	\$ 519,104	\$ 1,229

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 86,755	\$ 55,446	\$ 31,309
Special Revenue	46,212	42,144	4,068
Enterprise	395,254	330,243	65,011
Total	\$ 528,221	\$ 427,833	\$ 100,388

**Note 4 – Deposits**

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

	2018
Demand deposits	\$ 277,253

**Deposits**

Deposits are insured by the Federal Depository 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 – 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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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**

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Interfund Balances**

***Advances***

Outstanding advances at December 31, 2018, consisted of \$5,000 advanced to the Sewer Fund by the General Fund during 2016 to provide working capital for operations or projects.

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some 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 healthcare 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, 2018.



**Village of Chauncey**  
Athens County  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2018

**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 0.0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 10 – Debt**

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
OPWC #CT779	\$ 6,260	0%
OPWC #CR604	10,000	0%
OPWC #CR21A	31,720	0%
OPWC #CT68E	85,924	0%
Water System Revenue Bonds-01	18,000	5%
Water System Revenue Bonds-02	14,000	7.875%
OWDA #3923	255,079	2%
OWDA #4736	12,286	5%
OWDA #5653	22,088	2%
Total	\$ 455,357	

Ohio Public Works Commission (OPWC) loans CT779, CR604 and CT21A relate to wastewater treatment plant/collection system and water system improvements. The Village will repay the interest free loans in semi-annual installments over 20 years. The Village will repay the loans from charges for sewer service revenue.

OPWC loan CT68E relates to water distribution system improvements. The Village will repay the interest free loan in semi-annual installments over 20 years. The Village will repay the loan from charges for water service revenue.

The Water System Revenue Bonds relate to improvements to the water distribution system for Village residents. The Village will repay bonds in semi-annual installments over 40 years from charges for water service revenue. The Village's taxing authority collateralized the bonds.

The Ohio Water Development Authority (OWDA) loan 3923 relates to a water distribution system improvements project. The Village will repay the loan in semi-annual installments of \$9,610, including interest, over 30 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The OWDA loan 4736 relates to a water system improvements project. The Village will repay the loan in semi-annual installments of \$808, including interest, over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The OWDA loan 5653 relates to a water distribution system improvements project. The Village will repay the loan in semi-annual installments of \$972, including interest, over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**Village of Chauncey**  
Athens County  
Notes to the Financial Statements  
For the Year Ended December 31, 2018

**Note 10 – Debt (Continued)**

Amortization of the above debt is scheduled as follows:

Year ending December 31:	OWDA #3923	OWDA #4736	OWDA #5653	Bonds-01
2019	\$ 19,221	\$ 1,616	\$ 1,944	\$ 6,050
2020	19,222	1,616	1,945	5,800
2021	19,221	1,616	1,944	5,550
2022	19,222	1,616	1,945	6,300
2023	19,221	1,616	1,944	-
2024-2028	96,108	7,272	9,723	-
2029-2033	96,107	-	4,861	-
2034-2038	9,610	-	-	-
Total	<u>\$ 297,932</u>	<u>\$ 15,352</u>	<u>\$ 24,306</u>	<u>\$ 23,700</u>

Year ending December 31:	OPWC #CT779	OPWC #CR604	OPWC #CR21A	OPWC #CT68E	Bonds - 02
2019	\$ 6,260	\$ 10,000	\$ 15,860	\$ 11,457	\$ 4,103
2020	-	-	10,573	11,456	3,886
2021	-	-	5,287	11,457	3,630
2022	-	-	-	11,456	3,394
2023	-	-	-	11,457	2,158
2024-2028	-	-	-	28,641	-
Total	<u>\$ 6,260</u>	<u>\$ 10,000</u>	<u>\$ 31,720</u>	<u>\$ 85,924</u>	<u>\$ 17,171</u>

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 12 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

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

August 7, 2020

Village of Chauncey  
Athens County  
PO Box 227  
Chauncey, Ohio 45719

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 by fund type of the **Village of Chauncey**, Athens County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated August 7, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Council.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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 a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
Members: American Institute of Certified Public Accountants  
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

***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 determination of financial statement amounts. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2019-002.

***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 communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

**FINDING NUMBER 2019-001**

**Material Weakness**

**Financial Reporting**

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. The following errors with the Village's annual financial report were noted:

- Manufactured home real estate settlements were posted as Intergovernmental instead of as Property and Other Local Taxes in the General Fund in 2018.
- A real estate settlement was posted as Miscellaneous instead of as Property and Other Local Taxes in the General Fund in 2018.
- Proceeds from the sale of a tractor were posted as Miscellaneous instead of as Sale of Fixed Assets in the General Fund in 2018.
- A local government receipt was posted to the Street Construction Maintenance and Repair and State Highway Funds instead of the General Fund in 2018.
- Rollback receipts were posted to the Permissive Motor Vehicle License Tax Fund instead of the General Fund in 2018.
- Homestead and rollback receipts were posted as Property and Other Local Taxes instead of Intergovernmental in the General Fund in 2019.
- A motor vehicle license receipt was posted to the Permissive Motor Vehicle License Tax Fund instead of the Street Construction Maintenance and Repair and State Highway Funds in 2018.
- Payments on bonds were posted as Contractual Services instead of Principal Retirement and Interest and Other Fiscal Charges in the Water Fund in 2018 and 2019.
- Payments on OWDA debt were posted as Personal Services, Contractual Services, Other and Capital Outlay instead of Principal Retirement and Interest and Other Fiscal Charges in the Water and Sewer Funds in 2018 and 2019.
- Payments on OPWC debt were posted as Personal Services, Contractual Services, Other and Capital Outlay instead of Principal Retirement and Interest and Other Fiscal Charges in the Water and Sewer Funds in 2018 and 2019.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments. The adjustments have been posted in the Village's accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**Management's Response** – Officials did not provide a response to this finding.

VILLAGE OF CHAUNCEY  
ATHENS COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-002

**Noncompliance**

**Ohio Revised Code § 5705.41(D)** provides that no subdivision shall 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 has been lawfully appropriated for such purpose and is in the treasury or in the 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 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 a fiscal officers' 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 sections 5705.41(D)(1) and 5705.41(D)(3), respectively of the Ohio Revised Code.

**1. Then and Now Certificate** – If no certificate is furnished as required, upon receipt of the Fiscal Officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of Village Council if such expenditure is otherwise valid.

**2. Blanket Certificate** – 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** – The Village may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

During 2019, 38.6% of disbursements that were tested were not properly encumbered. During 2018, 39.3% of disbursements that were tested were not properly encumbered.

Failure to certify the availability of funds can result in overspending funds and negative cash fund balances.

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2019-002**

**Noncompliance (Continued)**

The Village should properly certify purchases to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires authorizing disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. They should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. In addition, the Village should approve a motion in the minutes stating the maximum amount blanket purchase orders may be issued for.

**Management's Response** – Officials did not provide a response to this finding.

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**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Ohio Revised Code Section 5705.10(I)	Not Corrected	Repeated as Finding 2019-001
2017-002	Ohio Revised Code Section 5705.10(A)	Not Corrected	Repeated as Finding 2019-001
2017-003	Posting Estimated Receipts and Appropriations	Corrected	N/A
2017-004	Ohio Revised Code Section 5705.39	Corrected	N/A
2017-005	Ohio Revised Code Section 5705.41(D)	Not Corrected	Repeated as Finding 2019-002
2017-006	Ohio Revised Code Section 5705.41(B)	Corrected	N/A

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF CHAUNCEY**

**ATHENS 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 10/13/2020**

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)