



***VILLAGE OF CHESTERHILL
MORGAN COUNTY***

Regular Audit

**For the Years Ended
December 31, 2019 and 2018**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS



OHIO AUDITOR OF STATE
KEITH FABER

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Village Council
Village of Chesterhill
PO Box 191
Chesterhill, Ohio 43728

We have reviewed the *Independent Auditor's Report* of the Village of Chesterhill, Morgan County, prepared by J.L. Uhrig and Associates, Inc., 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 Chesterhill is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

November 10, 2020

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VILLAGE OF CHESTERHILL, MORGAN COUNTY

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Independent Auditor's Report

Village Council
Village of Chesterhill
Morgan County
P.O. Box 191
Chesterhill, OH 43728

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 the Village of Chesterhill, Morgan County, Ohio (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 statements misstatement, whether due to fraud or error. In assessing those risks, we consider internal controls 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 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 opinion.

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

As described in Note 2 of the December 31, 2019 and 2018 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 American (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 the related notes of the Village of Chesterhill, Morgan County as of December 31, 2019 and 2018, 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) permits, described in Note 2.

Emphasis of Matter

As discussed in Note 12 of the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. 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 a report dated August 25, 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.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

August 25, 2020

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VILLAGE OF CHESTERHILL, MORGAN COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2019

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	
<u>Cash Receipts:</u>				
Property and Local Taxes	\$4,351	\$7,483	\$0	\$11,834
Intergovernmental	15,176	19,469	0	34,645
Special Assessments	0	0	7,409	7,409
Charges for Service	28,915	0	0	28,915
Earnings on Investments	1,988	177	0	2,165
Miscellaneous	3,209	0	6,150	9,359
Total Cash Receipts	53,639	27,129	13,559	94,327
<u>Cash Disbursements:</u>				
<i>Current:</i>				
General Government	29,908	5,782	0	35,690
Security of Persons and Property	4,656	16,577	0	21,233
Leisure Time Activities	60	0	0	60
Basic Utility Services	27,366	0	0	27,366
Transportation	0	13,136	0	13,136
Capital Outlay	0	0	273,739	273,739
Total Cash Disbursements	61,990	35,495	273,739	371,224
Cash Receipts Over/(Under) Cash Disbursements	(8,351)	(8,366)	(260,180)	(276,897)
<u>Other Financing Receipts (Disbursements)</u>				
Loans Issued	0	0	286,316	286,316
Total Other Financing Receipts (Disbursements)	0	0	286,316	286,316
Net Change in Fund Cash Balance	(8,351)	(8,366)	26,136	9,419
Fund Cash Balances, January 1	23,065	21,293	1,190	45,548
Restricted	0	12,927	27,326	40,253
Unassigned	14,714	0	0	14,714
Fund Cash Balances, December 31	\$14,714	\$12,927	\$27,326	\$54,967

See accompanying notes to the financial statements.

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Proprietary Fund Types and Similar Fiduciary Funds
For the Year Ended December 31, 2019

	Proprietary Fund Type
	Enterprise
<u>Operating Cash Receipts:</u>	
Charges for Services	\$176,006
Miscellaneous	50
	176,056
Total Operating Cash Receipts	176,056
<u>Operating Cash Disbursements:</u>	
Personal Services	67,306
Employee Fringe Benefits	9,312
Contractual Services	35,226
Supplies and Materials	13,191
Other	7,936
	132,971
Total Operating Cash Disbursements	132,971
Operating Income (Loss)	43,085
<u>Non-Operating Cash Receipts (Disbursements):</u>	
Principal Retirement	(12,423)
Interest and Other Fiscal Charges	(3,156)
	(15,579)
Total Non-Operating Cash Receipts (Disbursements)	(15,579)
Net Change in Fund Cash Balances	27,506
Fund Cash Balances, January 1	110,258
Fund Cash Balances, December 31	\$137,764

See accompanying notes to the financial statements.

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Chesterhill (the Village), Morgan County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations and maintenance of Village streets. The Village contracts with the Chesterhill Volunteer Fire Department to receive fire protection services.

The Village participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. The *Public Entities Pool of Ohio* is a risk-sharing pool available to Ohio local governments that provides property and casualty coverage for its members.

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

A. Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. 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:

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

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

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

Fire Department Fund – This fund receives money from a tax levy approved by the voters to provide fire protection.

Enterprise Funds: These funds are used to 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 has the following significant Enterprise Fund:

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Village's financial statements follow the basis of accounting 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 basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The 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.

D. Budgetary Process

The Ohio Revised Code requires that each Village fund 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations may not exceed estimated resources. Unencumbered appropriations lapse at year end.

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 certify estimated resources.

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

A summary of 2019 budgetary activity appears in Note 3.

E. Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable: The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted: Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed: Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

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.

Note 3 – Budgetary Basis of Accounting

The Village’s budgetary activity for the year ending December 31, 2019 was as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$59,726	\$53,639	(\$6,087)
Special Revenue	22,554	27,129	4,575
Capital Projects	307,915	299,875	(8,040)
Enterprise	173,340	176,056	2,716
<i>Total</i>	\$563,535	\$556,699	(\$6,836)

2019 Budgeted vs. Actual Budgetary Disbursements			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Disbursements	
General	\$72,538	\$62,511	\$10,027
Special Revenue	39,303	36,405	2,898
Capital Projects	305,000	273,739	31,261
Enterprise	213,838	153,836	60,002
<i>Total</i>	\$630,679	\$526,491	\$104,188

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Cash and Investments

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

	<u>2019</u>
Demand Deposits	<u>\$174,493</u>
Total Deposits	<u>174,493</u>
STAR Ohio	<u>18,238</u>
Total Investments	<u>18,238</u>
Total	<u><u>\$192,731</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation and collateralized through the Ohio Pooled Collateral System (OPCS).

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

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 area 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. 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

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 – Risk Management – (Continued)

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2019 and 2018 (the latest information available):

Casualty & Property Coverage	2019	2018
Assets	\$54,973,597	\$49,921,998
Liabilities	(16,440,940)	(14,676,199)
Retained Earnings	\$38,532,657	\$35,245,799

The Casualty Coverage assets and retained earnings above include approximately \$13.7 million of unpaid claims to be billed to approximately 553 member governments in the future, as of December 31, 2019. PEP will collect these amounts in future annual contributions billings when PEP'S related liabilities are due for payment.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool’s primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which, like PEP, is administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2019 the Pool retained \$500,000 for casualty claims and \$250,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most 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%, of their gross salaries and the Village contributed an amount equaling 14%, of participants’ gross salaries. The Village has paid all contributions required through December 31, 2019.

Retirement Rates	Year	Member Rate	Employer Rate
OPERS - Local	2019	10%	14%

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefits 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 qualified benefit recipients. OPERS contribute 1 percent of the employer contribution to fund these benefits.

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt

A schedule of changes in long-term obligations of the Village during 2019 follows:

	Interest Rate	Principal Balance 12-31-18	Issued in 2019	Retired in 2019	Principal Balance 12-31-19
Ohio Water Development Authority 3526	1.50%	\$85,772	\$0	\$5,777	\$79,995
Ohio Water Development Authority 4248	1.50%	127,673	0	6,646	121,027
Ohio Water Development Authority 7994	0.00%	109,023	286,316	0	395,340
Total		<u>\$322,468</u>	<u>\$286,316</u>	<u>\$12,423</u>	<u>\$596,363</u>

The Ohio Water Development Authority (OWDA) loan 3526 relate to a water system improvements project The Village will repay the loans semiannual installments of \$3,521, 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 Ohio Water Development Authority (OWDA) loan 4248 relate to a water system improvements project The Village will repay the loans semiannual installments of \$4,268, 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 Ohio Water Development Authority (OWDA) loan 7994. This loan has not been fully dispersed as of December 31, 2019, and no amortization schedule is available for repayment.

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

	OWDA 3526		OWDA 4248		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	5,864	1,178	6,746	1,790	12,610	2,968
2021	5,952	1,090	6,848	1,689	12,800	2,779
2022	6,042	1,000	6,950	1,586	12,992	2,586
2023	6,133	909	7,056	1,481	13,189	2,390
2024	6,225	817	7,161	1,375	13,386	2,192
2025-2029	32,562	2,649	37,458	5,223	70,020	7,872
2030-2034	17,217	389	40,365	2,318	57,582	2,707
2035	0	0	8,443	94	8,443	94
Total	<u>\$79,995</u>	<u>\$8,032</u>	<u>\$121,027</u>	<u>\$15,556</u>	<u>\$201,022</u>	<u>\$23,588</u>

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – 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 11 – Fund Cash Balances

As of December 31, 2018, fund balances are composed of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
<i>Restricted:</i>				
Community Development	\$0	\$0	\$27,326	\$27,326
Fire Operations	0	815	0	815
Parks and Recreation	0	457	0	457
Road Maintenance & Improvement	0	11,655	0	11,655
<i>Unassigned</i>	14,714	0	0	14,714
Total	<u>\$14,714</u>	<u>\$12,927</u>	<u>\$27,326</u>	<u>\$54,967</u>

Note 12 – COVID-19

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 Village’s investment portfolio and the investments of the pension and other employee benefit plan in which the Village participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2018

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	
<u>Cash Receipts:</u>				
Property and Local Taxes	\$2,012	\$6,534	\$0	\$8,546
Intergovernmental	12,737	16,878	0	29,615
Special Assessments	0	0	1,021	1,021
Charges for Service	29,270	0	0	29,270
Earnings on Investments	1,707	350	0	2,057
Miscellaneous	5,896	47	75	6,018
Total Cash Receipts	51,622	23,809	1,096	76,527
<u>Cash Disbursements:</u>				
<i>Current:</i>				
General Government	15,157	2,170	0	17,327
Security of Persons and Property	4,713	2,562	0	7,275
Leisure Time Activities	50	0	0	50
Basic Utility Services	27,536	0	0	27,536
Transportation	0	12,072	0	12,072
Capital Outlay	0	0	110,429	110,429
Total Cash Disbursements	47,456	16,804	110,429	174,689
Cash Receipts Over/(Under) Cash Disbursements	4,166	7,005	(109,333)	(98,162)
<u>Other Financing Receipts (Disbursements)</u>				
Transfers In	0	0	1,500	1,500
Transfers Out	(1,500)	0	0	(1,500)
Loans Issued	0	0	109,023	109,023
Total Other Financing Receipts (Disbursements)	(1,500)	0	110,523	109,023
Net Change in Fund Cash Balance	2,666	7,005	1,190	10,861
Fund Cash Balances, January 1	20,399	14,288	0	34,687
Restricted	0	21,293	1,190	22,483
Unassigned	23,065	0	0	23,065
Fund Cash Balances, December 31	\$23,065	\$21,293	\$1,190	\$45,548

See accompanying notes to the financial statements.

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Proprietary Fund Types and Similar Fiduciary Funds
For the Year Ended December 31, 2018

	Proprietary Fund Type
	Enterprise
<u>Operating Cash Receipts:</u>	
Charges for Services	\$165,537
Miscellaneous	62
	165,599
<u>Operating Cash Disbursements:</u>	
Personal Services	60,943
Employee Fringe Benefits	8,862
Contractual Services	33,834
Supplies and Materials	17,202
Other	17,989
	138,830
Total Operating Cash Disbursements	138,830
Operating Income (Loss)	26,769
<u>Non-Operating Cash Receipts (Disbursements):</u>	
Principal Retirement	(20,201)
Interest and Other Fiscal Charges	(2,217)
	(22,418)
Total Non-Operating Cash Receipts (Disbursements)	(22,418)
Net Change in Fund Cash Balances	4,351
Fund Cash Balances, January 1	105,907
Fund Cash Balances, December 31	\$110,258

See accompanying notes to the financial statements.

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The Village of Chesterhill (the Village), Morgan County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations and maintenance of Village streets. The Village contracts with the Chesterhill Volunteer Fire Department to receive fire protection services.

The Village participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. The *Public Entities Pool of Ohio* is a risk-sharing pool available to Ohio local governments that provides property and casualty coverage for its members.

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

A. Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. 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:

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

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

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

Fire Department Fund – This fund receives money from a tax levy approved by the voters to provide fire protection.

Enterprise Funds: These funds are used to 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 has the following significant Enterprise Fund:

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Village's financial statements follow the basis of accounting 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 basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The 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.

D. Budgetary Process

The Ohio Revised Code requires that each Village fund 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations may not exceed estimated resources. Unencumbered appropriations lapse at year end.

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 certify estimated resources.

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

A summary of 2018 budgetary activity appears in Note 3.

E. Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable: The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted: Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed: Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

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.

Note 3 – Budgetary Basis of Accounting

The Village’s budgetary activity for the year ending December 31, 2018 was as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$56,538	\$51,622	(\$4,916)
Special Revenue	23,553	23,809	256
Capital Projects	377,900	111,619	(266,281)
Enterprise	166,303	165,599	(704)
<i>Total</i>	\$624,294	\$352,649	(\$271,645)

2018 Budgeted vs. Actual Budgetary Disbursements			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Disbursements	
General	\$72,622	\$49,495	\$23,127
Special Revenue	30,916	17,857	13,059
Capital Projects	375,400	110,429	264,971
Enterprise	222,073	167,235	54,838
<i>Total</i>	\$701,011	\$345,016	\$355,995

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Cash and Investments

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

	<u>2018</u>
Demand Deposits	<u>\$137,986</u>
Total Deposits	<u>137,986</u>
STAR Ohio	<u>17,820</u>
Total Investments	<u>17,820</u>
Total	<u><u>\$155,806</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation and collateralized through the Ohio Pooled Collateral System (OPCS).

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

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 area 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. 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

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 – Risk Management – (Continued)

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2018 and 2017 (the latest information available):

	<u>2018</u>	<u>2017</u>
Casualty & Property Coverage		
Assets	\$49,921,998	\$44,452,326
Liabilities	<u>(14,676,199)</u>	<u>(13,004,011)</u>
Retained Earnings	<u>\$35,245,799</u>	<u>\$31,448,315</u>

The Casualty Coverage assets and retained earnings above include approximately \$11.8 million of unpaid claims to be billed to approximately 538 member governments in the future, as of December 31, 2018. PEP will collect these amounts in future annual contributions billings when PEP'S related liabilities are due for payment.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool’s primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which, like PEP, is administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2018 the Pool retained \$500,000 for casualty claims and \$250,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most 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%, of their gross salaries and the Village contributed an amount equaling 14%, of participants’ gross salaries. The Village has paid all contributions required through December 31, 2018.

<u>Retirement Rates</u>	<u>Year</u>	<u>Member Rate</u>	<u>Employer Rate</u>
OPERS - Local	2018	10%	14%

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefits 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 qualified benefit recipients. OPERS contribute 1 percent of the employer contribution to fund these benefits.

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt

A schedule of changes in long-term obligations of the Village during 2018 follows:

	Interest Rate	Principal Balance 12-31-17	Issued in 2018	Retired in 2018	Principal Balance 12-31-18
Ohio Water Development Authority 1517	7.45%	\$12,773	\$0	\$12,773	\$0
Ohio Water Development Authority 1518	6.51%	1,285	0	1,285	0
Ohio Water Development Authority 3526	1.50%	88,629	0	2,857	85,772
Ohio Water Development Authority 4248	1.50%	130,959	0	3,286	127,673
Ohio Water Development Authority 7994	0.00%	0	109,023	0	109,023
Total		<u>\$233,646</u>	<u>\$109,023</u>	<u>\$20,201</u>	<u>\$322,468</u>

The Ohio Water Development Authority (OWDA) loan 1517 relate to a water distribution system improvements project. The Village will repay the loan over 25 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 1518 relate to a water distribution system improvements project The Village will repay the loans semiannual installments of \$1,369, including interest, over 23 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 3526 relate to a water system improvements project The Village will repay the loans semiannual installments of \$3,521, 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 Ohio Water Development Authority (OWDA) loan 4248 relate to a water system improvements project The Village will repay the loans semiannual installments of \$4,268, 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 Ohio Water Development Authority (OWDA) loan 7994. This loan has not been fully dispersed as of December 31, 2018, and no amortization schedule is available for repayment.

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt – (Continued)

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

	OWDA 3526		OWDA 4248		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$5,777	\$1,265	\$6,646	\$1,891	\$12,423	\$3,156
2020	5,864	1,178	6,746	1,790	12,610	2,968
2021	5,952	1,090	6,848	1,689	12,800	2,779
2022	6,042	1,000	6,950	1,586	12,992	2,586
2023	6,133	909	7,056	1,481	13,189	2,390
2024-2028	32,078	3,133	36,902	5,779	68,980	8,912
2029-2033	23,926	722	39,766	2,916	63,692	3,638
2034-2035	0	0	16,759	315	16,759	315
Total	<u>\$85,772</u>	<u>\$9,297</u>	<u>\$127,673</u>	<u>\$17,447</u>	<u>\$213,445</u>	<u>\$26,744</u>

Note 10 – 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 11 – Fund Cash Balances

As of December 31, 2018, fund balances are composed of the following:

	General	Special Revenue	Capital Projects	Total
<i>Restricted:</i>				
Community Development	\$0	\$0	\$1,190	\$1,190
Fire Operations	0	8,836	0	8,836
Parks and Recreation	0	457	0	457
Road Maintenance & Improvement	0	12,000	0	12,000
<i>Unassigned</i>	<u>23,065</u>	<u>0</u>	<u>0</u>	<u>23,065</u>
Total	<u>\$23,065</u>	<u>\$21,293</u>	<u>\$1,190</u>	<u>\$45,548</u>

Note 12 – COVID-19

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 Village’s investment portfolio and the investments of the pension and other employee benefit plan in which the Village participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and 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***

Village Council
Village of Chesterhill
Morgan County
P.O. Box 191
Chesterhill, OH 43728

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 Chesterhill, Morgan County, Ohio (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 25, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures that will input subsequent periods of the Village.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) 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 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 identified certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider finding 2019-002 to be a material weakness and findings 2019-003 and 2019-004 to be significant deficiencies.

Village Council
Village of Chesterhill, Morgan County
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards*

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 Findings as items 2019-001 and 2019-002.

Entity's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

August 25, 2020

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Schedule of Findings
For the Years Ended December 31, 2019 and 2018

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

Finding Number 2019-001

Noncompliance

Ohio Rev. Code 1347.05 provides that state and local government agencies are entrusted with the duty of collecting sensitive and private information, and auditors must make sure the necessary processes and procedures are in place to safeguard the personal data citizens entrust to them.

Ohio Rev. Code 1347 contains legal requirements related to personal information systems which are applicable to all state and local agencies and defines the terms and uses of this information.

“Personal information” means any information that describes anything about a person or that indicates actions done by or to a person, or that indicates that a person possesses certain personal characteristics, and that contains, and can be retrieved from a system by, a name, identifying number, symbol, or other identifier assigned to a person.

Every state and local agency that maintains a personal information system shall:

- (A) Appoint one individual to be directly responsible for the system;
- (B) Adopt and implement rules that provide for the operation of the system;
- (C) Inform each of its responsible employees of all rules adopted in accordance with this section;
- (D) Specify disciplinary measures for unauthorized use of information contained in the system;
- (E) Inform a person supplying personal information if it is legally required, or if they may refuse;
- (F) Develop procedures for purposes of monitoring the accuracy, relevance, timeliness, and completeness of the personal information in the system;
- (G) Take reasonable precautions to protect personal information in the system from unauthorized modification, destruction, use, or disclosure;
- (H) Collect, maintain, and use only personal information that is necessary and relevant to the functions that the agency is required or authorized to perform, and eliminate personal information from the system when it is no longer necessary and relevant to those functions.

The Village did not have a formal policy in place as required by the Revised Code. A formal policy did not exist defining “personal information”, required duties for the maintenance of personal information and the manner of usage of personal information.

We recommend Council formally adopt a policy concerning the definition of personal information, duties required and the manner of usage of personal information.

Officials’ Response: The Village will make corrections going forward.

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Schedule of Findings
For the Years Ended December 31, 2019 and 2018

Noncompliance and Material Weakness

Ohio Rev. Code 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the financial statements had the following errors that required audit adjustments or reclassifications.

In 2019:

- General Fund intergovernmental revenue of \$975 misposted as property tax and other revenue;
- Special Revenue Funds intergovernmental revenue of \$1,456 misposted as property tax revenue;

In 2018:

- General Fund intergovernmental revenue of \$762 misposted as property tax revenue;
- Special Revenue Funds intergovernmental revenue of \$1,524 misposted as property tax and other revenue;

The audited financial statements have been adjusted for the issues noted above.

We recommend the Fiscal Officer refer to the Village Officer's Handbook for proper classification and take additional care in posting transactions to the Village's ledgers in order to ensure the financial statements reflect the appropriate sources of the receipts.

Officials' Response: The Fiscal Officer will review the amounts provided and review current line items to ensure future postings are accurate.

<i>Finding Number 2019-003</i>

Significant Deficiency

Governmental entities generally have the authority to provide government-owned vehicles and equipment (e.g., computers, internet and phone usage, etc.) for use by authorized users. The use of these items should be specified in a policy established by the government's legislative body.

The Village had vehicles and equipment but they did not have a policy addressing the use of these items approved by the Village Council. This could result in inappropriate use of Village vehicles and equipment by employees.

We recommend Council approve policies as noted above. The vehicle and equipment policy should at a minimum, identify authorized users; guidelines for allowable use, specific unallowable uses; reporting monitoring of use by appropriate levels of management; and other guidelines deemed appropriate by the legislative body.

Officials' Response: The Village will make corrections going forward.

VILLAGE OF CHESTERHILL, MORGAN COUNTY
Schedule of Findings
For the Years Ended December 31, 2019 and 2018

<i>Finding Number 2019-004</i>

Significant Deficiency

The Village did not have a formal travel policy other than the approval by the Village Council in the minutes of the mileage rate. Lack of a formal travel policy could cause the Village to reimburse its officials and/or employees for excessive amounts.

We recommend the Village Council establish a policy governing travel reimbursements. The policy should, at a minimum, identify the types of travel authorized, guidelines for allowable and unallowable expenses, limitations on the amount of reimbursement, types of supporting documentation required for reimbursement requests, reporting, and monitoring of use by appropriation levels of management and other guidelines deemed appropriate by the Village Council.

Officials' Response: The Village will make corrections going forward.

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VILLAGE OF CHESTERHILL, MORGAN COUNTY
Schedule of Prior Audit Findings
For the Years Ended December 31, 2019 and 2018

Finding Number	Description	Status	Comments
<i>Government Auditing Standards:</i>			
2017-001	A noncompliance citation of Ohio Rev. Code 1347.05 for a formal policy defining personal information.	Not Corrected	Reissued as Finding 2019-001
2017-002	A material weakness and noncompliance citation of Ohio Admin. Code 117-2-02(A) audit adjustments.	Not Corrected	Reissued as Finding 2019-002
2017-003	A significant deficiency for not adopting a vehicle and equipment use policy.	Not Corrected	Reissued as Finding 2019-003
2017-004	A significant deficiency for not adopting a travel reimbursement policy.	Not Corrected	Reissued as Finding 2019-004

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CHESTERHILL

MORGAN 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 11/24/2020

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