



**VILLAGE OF CHAUNCEY
ATHENS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF CHAUNCEY
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type and Similar Fiduciary Fund – For the Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type and Similar Fiduciary Fund – For the Year Ended December 31, 1998	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15
Schedule of Prior Audit Findings	18

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Chauncey
Athens County
P.O. Box 227
Chauncey, Ohio 45719

To the Village Council:

We have audited the accompanying financial statements of the Village of Chauncey, Athens County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Village was unable to provide sufficient evidential matter concerning the financial activity of the Mayor's Court, which represents 100% of the receipts and expenditures of the Agency Fund for 1999 and 1998. As a result, we were unable to audit this fund.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, except for the Agency Fund, upon which we express no opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Chauncey, Athens County, Ohio, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2000, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management and Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 1, 2000

**VILLAGE OF CHAUNCEY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$30,959		\$30,959
Intergovernmental Receipts	41,000	\$24,795	65,795
Fines, Licenses, and Permits	4,936		4,936
Miscellaneous	9,465	2,893	12,358
	<u>86,360</u>	<u>27,688</u>	<u>114,048</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	23,176		23,176
Community Environment	691		691
Transportation		42,511	42,511
General Government	55,348		55,348
Debt Service		4,204	4,204
	<u>79,215</u>	<u>46,715</u>	<u>125,930</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>7,145</u>	<u>(19,027)</u>	<u>(11,882)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	13,500		13,500
Transfers-Out		(2,500)	(2,500)
Other Financing Disbursements	<u>(534)</u>	<u>(208)</u>	<u>(742)</u>
Total Other Financing Receipts/(Disbursements)	<u>12,966</u>	<u>(2,708)</u>	<u>10,258</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	20,111	(21,735)	(1,624)
Fund Cash Balances, January 1	<u>1,887</u>	<u>50,381</u>	<u>52,268</u>
Fund Cash Balances, December 31	<u>\$21,998</u>	<u>\$28,646</u>	<u>\$50,644</u>

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

**VILLAGE OF CHAUNCEY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$213,094	\$	\$213,094
Miscellaneous	6,033		6,033
Total Operating Cash Receipts	<u>219,127</u>	<u>0</u>	<u>219,127</u>
Operating Cash Disbursements:			
Personal Services	61,461		61,461
Travel Transportation	2,950		2,950
Contractual Services	72,617		72,617
Supplies and Materials	24,635		24,635
Capital Outlay	254,655		254,655
Total Operating Cash Disbursements	<u>416,318</u>	<u>0</u>	<u>416,318</u>
Operating Income/(Loss)	<u>(197,191)</u>	<u>0</u>	<u>(197,191)</u>
Non-Operating Cash Receipts:			
Intergovernmental Receipts	258,897		258,897
Other Non-Operating Receipts		5,408	5,408
Total Non-Operating Cash Receipts	<u>258,897</u>	<u>5,408</u>	<u>264,305</u>
Non-Operating Cash Disbursements:			
Debt Service	28,573		28,573
Other Non-Operating Cash Disbursements	3,834	8,750	12,584
Total Non-Operating Cash Disbursements	<u>32,407</u>	<u>8,750</u>	<u>41,157</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	29,299	(3,342)	25,957
Transfers-Out	<u>(11,000)</u>		<u>(11,000)</u>
Net Receipts Over/(Under) Disbursements	18,299	(3,342)	14,957
Fund Cash Balances, January 1	<u>86,351</u>	<u>8,445</u>	<u>94,796</u>
Fund Cash Balances, December 31	<u>\$104,650</u>	<u>\$5,103</u>	<u>\$109,753</u>

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

**VILLAGE OF CHAUNCEY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$28,864		\$28,864
Intergovernmental Receipts	26,019	\$32,585	58,604
Fines, Licenses, and Permits	8,975		8,975
Miscellaneous	9,061	675	9,736
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	72,919	33,260	106,179
Cash Disbursements:			
Current:			
Security of Persons and Property	32,422		32,422
Community Environment		10	10
Transportation		24,063	24,063
General Government	50,275		50,275
Capital Outlay		19,858	19,858
Debt Service		376	376
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	82,697	44,307	127,004
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(9,778)	(11,047)	(20,825)
Other Financing Receipts/(Disbursements):			
Proceeds Of Notes		19,858	19,858
Transfers-In	17,500		17,500
Transfers-Out	(11,000)	(5,500)	(16,500)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	6,500	14,358	20,858
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,278)	3,311	33
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	5,165	47,070	52,235
Fund Cash Balances, December 31	<hr/> \$1,887	<hr/> \$50,381	<hr/> \$52,268

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

**VILLAGE OF CHAUNCEY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$203,782	\$	\$203,782
Miscellaneous	27,000		27,000
Total Operating Cash Receipts	<u>230,782</u>	<u>0</u>	<u>230,782</u>
Operating Cash Disbursements:			
Personal Services	58,593		58,593
Travel Transportation	2,880		2,880
Contractual Services	79,225		79,225
Supplies and Materials	24,160		24,160
Total Operating Cash Disbursements	<u>164,858</u>	<u>0</u>	<u>164,858</u>
Operating Income/(Loss)	<u>65,924</u>	<u>0</u>	<u>65,924</u>
Non-Operating Cash Receipts:			
Intergovernmental Receipts	39,840		39,840
Miscellaneous	5,467		5,467
Other Non-Operating Receipts	249	16,780	17,029
Total Non-Operating Cash Receipts	<u>45,556</u>	<u>16,780</u>	<u>62,336</u>
Non-Operating Cash Disbursements:			
Debt Service	111,614		111,614
Other Non-Operating Cash Disbursements	8,374	9,880	18,254
Total Non-Operating Cash Disbursements	<u>119,988</u>	<u>9,880</u>	<u>129,868</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(8,508)	6,900	(1,608)
Transfers-In	11,000		11,000
Transfers-Out	(12,000)		(12,000)
Net Receipts Over/(Under) Disbursements	(9,508)	6,900	(2,608)
Fund Cash Balances, January 1	<u>95,859</u>	<u>1,545</u>	<u>97,404</u>
Fund Cash Balances, December 31	<u>\$86,351</u>	<u>\$8,445</u>	<u>\$94,796</u>

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

**VILLAGE OF CHAUNCEY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Chauncey, Athens County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council, Mayor and Clerk. The Village provides general governmental services, including maintenance of streets, police protection, fire protection, and water and sewer utility services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

State Highway Fund - This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Village streets.

FEMA Fund - This fund receives federal financial assistance to aid in the reconstruction of infrastructure damaged by flooding.

Permissive Tax Fund - This fund receives additional motor vehicle license tax money for constructing, maintaining and repairing Village streets.

VILLAGE OF CHAUNCEY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Project Fund - This fund receives loan proceeds from the Ohio Water Development Authority to fund engineering costs for an expansion to the Village sewer system. This loan may be paid from a future grant.

4. Fiduciary Fund (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as Agency Funds. The Village had the following Agency Fund:

Mayor's Court Fund - This fund accounts for the financial activity of the Mayor's Court and is classified as an Agency Fund.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

The 1998 annual appropriation measure was not approved until November 4, 1998. The 1999 annual appropriation measure was not approved until April 21, 1999.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**VILLAGE OF CHAUNCEY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$ 160,397</u>	<u>\$ 147,064</u>

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 126,225	\$ 99,860	\$ (26,365)
Special Revenue	75,274	27,688	(47,586)
Enterprise	433,949	478,024	44,075
Total	\$ 635,448	\$ 605,572	\$ (29,876)

VILLAGE OF CHAUNCEY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 126,225	\$ 79,749	\$ 46,476
Special Revenue	75,274	49,423	25,851
Enterprise	433,949	459,725	(25,776)
Total	<u>\$ 635,448</u>	<u>\$ 588,897</u>	<u>\$ 46,551</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 103,555	\$ 90,419	\$ (13,136)
Special Revenue	29,043	53,118	24,075
Enterprise	259,340	287,338	27,998
Total	<u>\$ 391,938</u>	<u>\$ 430,875</u>	<u>\$ 38,937</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 114,283	\$ 93,697	\$ 20,586
Special Revenue	49,688	49,807	(119)
Enterprise	289,858	296,846	(6,988)
Total	<u>\$ 453,829</u>	<u>\$ 440,350</u>	<u>\$ 13,479</u>

Expenditures exceeded appropriations in the Sewer Project Fund as of December 31, 1999 and in the Street Construction, Maintenance and Repair, FEMA, and Sewer Project Funds as of December 31, 1998, contrary to Ohio law.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

VILLAGE OF CHAUNCEY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. PROPERTY TAX (Continued)

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	\$ 243,910	0.00%
Water System Revenue Bonds R-1	80,000	5.00%
Water System Revenue Bonds R-2	50,000	7.875%
Dump Truck Loan	6,639	4.005%
Mower Loan	7,536	3.898%
Total	\$ 388,085	

The Ohio Public Works Commission (OPWC) loans relate to a wastewater treatment plant/collection system improvements. The loans will be repaid in semiannual installments of \$8,130, interest free, over 20 years.

The Water System Revenue Bonds relate to improvements to the water distribution system for Village residents. The loans will be repaid in semiannual installments over 40 years.

The Dump Truck Loan relates to the purchase of a dump truck for the Village. The loan will be repaid in monthly installments of \$226, including interest, over 4 years. The Mower loan relates to the purchase of a commercial mower. The loan will be paid in monthly installments of \$222, including interest, over 4 years.

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

Year ending December 31:	OPWC Loans	Water Revenue Bonds R-1	Water Revenue Bonds R-2	Dump Truck	Mower
2000	\$ 16,261	\$ 5,900	\$ 4,859	\$ 2,709	\$ 2,666
2001	16,261	5,800	4,780	2,709	2,666
2002	16,261	5,700	4,701	1,581	2,665
2003	16,261	5,600	4,623	0	0
2004	16,261	5,500	4,544	0	0
Subsequent	162,605	104,150	80,830	0	0
Total	\$ 243,910	\$ 132,650	\$ 104,337	\$ 6,999	\$ 7,997

VILLAGE OF CHAUNCEY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

6. RETIREMENT SYSTEM

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other Village employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS and OP&F are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public officials' liability
- Crime and employee dishonesty
- Vehicle



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

Village of Chauncey
Athens County
P.O. Box 227
Chauncey, Ohio 45719

To the Village Council:

We have audited the accompanying financial statements of the Village of Chauncey, Athens County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 1, 2000, wherein we disclaimed an opinion on the financial statements of the Agency Fund. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-30705-001 to 1999-30705-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated June 1, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-30705-004.

**Internal Control Over Financial Reporting
(Continued)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated June 1, 2000.

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 1, 2000

**VILLAGE OF CHAUNCEY
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-30705-001

Noncompliance Citation

Ohio Rev. Code § 5705.38 requires that, on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year end balances, it may pass a temporary appropriation measure for the meeting of ordinary expenses until April 1.

The appropriation measure for 1998 was not passed until November 4, 1998, and the appropriation measure for 1999 was not passed until April 21, 1999. No temporary appropriation measure was adopted for either year. As a result, for most of 1998 and part of 1999, expenditures were made without the necessary authorization provided by the appropriation resolution.

We recommend the Village adopt an annual appropriation measure by the required date, and this be formally recorded in the minutes of the meeting.

FINDING NUMBER 1999-30705-002

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) states that expenditures cannot exceed appropriations at the fund level or at the legal level of control. The legal level of control is the level at which the permanent appropriation measure was passed. Failure to comply with this Section could result in deficit spending by the Village.

At December 31, 1999, expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Sewer Project	\$0	\$254,655	(\$254,655)

At December 31, 1998, expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Street Construction, Maintenance and Repair	\$29,456	\$47,519	(\$18,063)
FEMA	0	10	(10)
Sewer Project	0	25,188	(25,188)

In 1999 and 1998, we also noted instances (during the year and as of December 31) of expenditures exceeding appropriations at the legal level of control in several funds.

We recommend the Village monitor actual expenditures as compared to appropriations at the fund and legal level of control, amending the appropriation measure when necessary. Any amended appropriations must be formally approved by Council in the minutes.

**VILLAGE OF CHAUNCEY
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-30705-003

Noncompliance Citation

Ohio Rev. Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same 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. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This Section also provides two "exceptions" to the above requirements:

- A. "Then and Now" Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, Council 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.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of Council.

Eighty-two percent of the transactions tested did not include certification of the Clerk prior to incurrence of the obligation, and a "then and now" certificate was not prepared.

We recommend the Clerk certify the availability of funds prior to the Village incurring the obligation, and encumber the entire amount of the expenditure at the time the purchase order is approved. If necessary, a "then and now" certificate should be obtained. Additionally, consideration should be given to using blanket purchase orders for recurring monthly expenses.

FINDING NUMBER 1999-30705-004

Material Weakness

Mayor's Court Activity

The following internal control weaknesses were noted, which substantially increased the risk that transactions recorded in the Mayor's Court were not accurate or complete.

- A. No cashbook was presented for the audit period.
- B. The docket was incomplete. Items posted to the docket only covered the period from January 1999 to June 1999.
- C. The only citations presented were for April 1999. No citation log book was maintained.
- D. Duplicate receipts were not presented.

Because of the lack of this evidential matter, we were unable to audit the financial transactions of the Court for 1998 and 1999.

**VILLAGE OF CHAUNCEY
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-30705-004 (Continued)

Mayor's Court Activity (Continued)

In order to address these noted internal control weaknesses, we recommend:

- A. A cashbook be maintained and reconciled to the bank account monthly.
- B. The docket be maintained and list each case/citation from Mayor's Court and the disposition of each case.
- C. All citations be filed numerically, including voids, and a citation log book be maintained to ensure accountability of all citations issued.
- D. Duplicate receipts be issued for all monies collected and the receipt number be listed on each ticket, in the docket and the cashbook.

**VILLAGE OF CHAUNCEY
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999 AND 1998**

Finding Number	Finding Summary	Fully Corrected ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <i>Explain:</i>
1997-30705-001	A Finding for Recovery was issued against the Village Mayor's Court for fees and court costs collected and due, but not paid to, the State of Ohio, in the amount of \$1,794.	Yes	The Finding for Recovery amount of \$1,704 was paid to the State of Ohio on December 1, 1999.
1997-30705-002	A material noncompliance citation under Ohio Rev. Code § 5705.38 was issued for the failure to adopt the appropriation measure by the prescribed time in 1996 and 1997.	No	Not Corrected: Reissued for 1998 and 1999 as finding 1999-30705-001.
1997-30705-003	A material noncompliance citation under Ohio Rev. Code § 5705.41(B) was issued for expenditures exceeding appropriations in several funds in 1996 and 1997.	No	Partially Corrected: Expenditures exceeded appropriations in fewer funds. Reissued for 1998 and 1999 as finding 1999-30705-002.
1997-30705-004	A material noncompliance citation under Ohio Rev. Code § 5705.41(D) was issued for the failure to certify the availability of funds prior to the Village incurring an obligation.	No	Not Corrected: Reissued for 1998 and 1999 as finding 1999-30705-003.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF CHAUNCEY

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 13, 2000