



**VILLAGE OF CHESTERHILL
MORGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF CHESTERHILL
MORGAN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Chesterhill, Morgan 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.

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.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Chesterhill, Morgan County, 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 March 29, 2001, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, 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.

Jim Petro
Auditor of State

March 29, 2001

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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, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 4,021	\$ 5,782	\$	\$ 9,803
Intergovernmental Receipts	9,780	11,465		21,245
Charges for Services	24,043			24,043
Miscellaneous	9,939	210	2,932	13,081
	<u>47,783</u>	<u>17,457</u>	<u>2,932</u>	<u>68,172</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	8,587	3,192		11,779
Basic Utility Services	24,778			24,778
Transportation		3,225		3,225
General Government	11,308	239		11,547
Debt Service		6,859		6,859
Capital Outlay			25,220	25,220
	<u>44,673</u>	<u>13,515</u>	<u>25,220</u>	<u>83,408</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>3,110</u>	<u>3,942</u>	<u>(22,288)</u>	<u>(15,236)</u>
Other Financing Receipts/(Disbursements):				
Other Sources			100,000	100,000
Other Uses	(214)			(214)
	<u>(214)</u>	<u>0</u>	<u>100,000</u>	<u>99,786</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,896	3,942	77,712	84,550
Fund Cash Balances, January 1	<u>6,662</u>	<u>3,370</u>		<u>10,032</u>
Fund Cash Balances, December 31	<u>\$ 9,558</u>	<u>\$ 7,312</u>	<u>\$ 77,712</u>	<u>\$ 94,582</u>

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

**VILLAGE OF CHESTERHILL
MORGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 77,897
Other	11,314
Miscellaneous	784
Total Operating Cash Receipts	89,995
Operating Cash Disbursements:	
Personal Services	13,379
Transportation	252
Contractual Services	8,252
Supplies and Materials	7,674
Other	16,769
Total Operating Cash Disbursements	46,326
Operating Income/(Loss)	43,669
Non-Operating Cash Disbursements:	
Debt Service	30,206
Other Non-Operating Cash Disbursements	3,998
Total Non-Operating Cash Disbursements	34,204
Net Cash Receipts Over/(Under) Cash Disbursements	9,465
Fund Cash Balance, January 1	17,569
Fund Cash Balance, December 31	\$ 27,034

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

**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, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 1,633	\$ 5,689	\$ 7,322
Intergovernmental Receipts	9,621	11,403	21,024
Charges for Services	27,030		27,030
Miscellaneous	<u>2,598</u>	<u>222</u>	<u>2,820</u>
 Total Cash Receipts	 <u>40,882</u>	 <u>17,314</u>	 <u>58,196</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	4,381	9,931	14,312
Public Health Services	424		424
Basic Utility Services	20,493		20,493
Transportation		6,590	6,590
General Government	15,200	1,391	16,591
Debt Service	<u>191</u>	<u>6,859</u>	<u>7,050</u>
 Total Cash Disbursements	 <u>40,689</u>	 <u>24,771</u>	 <u>65,460</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 193	 (7,457)	 (7,264)
 Fund Cash Balances, January 1	 <u>6,469</u>	 <u>10,827</u>	 <u>17,296</u>
 Fund Cash Balances, December 31	 <u>\$ 6,662</u>	 <u>\$ 3,370</u>	 <u>\$ 10,032</u>

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

**VILLAGE OF CHESTERHILL
MORGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 81,525
Miscellaneous	636
Total Operating Cash Receipts	82,161
Operating Cash Disbursements:	
Personal Services	8,508
Contractual Services	15,286
Supplies and Materials	19,627
Capital Outlay	21,538
Total Operating Cash Disbursements	64,959
Operating Income/(Loss)	17,202
Non-Operating Cash Receipts:	
Sale of Fixed Assets	16,500
Total Non-Operating Cash Receipts	16,500
Non-Operating Cash Disbursements:	
Debt Service	30,206
Other Non-Operating Cash Disbursements	3,377
Total Non-Operating Cash Disbursements	33,583
Net Cash Receipts Over/(Under) Cash Disbursements	119
Fund Cash Balance, January 1	17,450
Fund Cash Balance, December 31	\$ 17,569

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

**VILLAGE OF CHESTERHILL
MORGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Chesterhill, Morgan County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council, and an elected Mayor and Clerk. The Village provides general governmental services, including maintenance of streets, water utility services, trash pickup and fire protection through a contract with the Chesterhill Volunteer Fire Department.

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. Cash and Investments

The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Interest earned is recognized and recorded when received.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle license tax money to construct, maintain and repair Village streets.

**VILLAGE OF CHESTERHILL
MORGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

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

3. Capital Project Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following Capital Project Fund:

Union Hall Renovation Fund - This fund receives money from the Kate Love Simpson Library for rent. The monies are being used to renovate the Union Hall for future use as a library branch.

4. Enterprise Fund

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 Enterprise Fund:

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

E. 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**VILLAGE OF CHESTERHILL
MORGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not encumber all commitments required by Ohio law.

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

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Deposits:		
Demand deposits	\$ 43,904	\$ 27,601
Investments:		
STAR Ohio	<u>77,712</u>	<u>0</u>
Total deposits and investments	<u>\$ 121,616</u>	<u>\$ 27,601</u>

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

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

**VILLAGE OF CHESTERHILL
MORGAN COUNTY**

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

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	\$ 52,398	\$ 47,783	\$ (4,615)
Special Revenue	14,638	17,457	2,819
Capital Projects	0	102,932	102,932
Enterprise	84,955	89,995	5,040
Total	<u>\$ 151,991</u>	<u>\$ 258,167</u>	<u>\$ 106,176</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 70,225	\$ 44,887	\$ 25,338
Special Revenue	24,575	13,515	11,060
Capital Projects	0	25,220	(25,220)
Enterprise	82,475	80,530	1,945
Total	<u>\$ 177,275</u>	<u>\$ 164,152</u>	<u>\$ 13,123</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 66,867	\$ 40,882	\$ (25,985)
Special Revenue	14,700	17,314	2,614
Enterprise	75,000	98,661	23,661
Total	<u>\$ 156,567</u>	<u>\$ 156,857</u>	<u>\$ 290</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 74,035	\$ 40,689	\$ 33,346
Special Revenue	34,358	24,771	9,587
Enterprise	133,095	98,542	34,553
Total	<u>\$ 241,488</u>	<u>\$ 164,002</u>	<u>\$ 77,486</u>

**VILLAGE OF CHESTERHILL
MORGAN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

Appropriations exceeded estimated resources in several funds for both 1998 and 1999, contrary to Ohio law. Expenditures exceeded appropriations in the Union Hall Renovation Fund (Capital Projects) in 1999, 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.

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

5. RETIREMENT SYSTEM

The Village's employees and elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

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

6. DEBT

Debt outstanding at December 31, 1999, was as follows:

	<u>Principal</u>	<u>Interest</u>
Truck Commercial Loan	\$ 279	7.00%
Tractor Commercial Loan	11,775	8.00%
Ohio Water Development Authority Loan 2091S	31,925	6.51%
Ohio Water Development Authority Loan 2091	<u>274,557</u>	7.45%
Total	<u>\$ 318,536</u>	

**VILLAGE OF CHESTERHILL
MORGAN COUNTY**

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

6. DEBT (Continued)

The commercial loans were obtained to provide financing for the purchase of a truck and tractor for the Village. Street Fund monies are being used to repay this debt. The equipment is being used as collateral on the loans.

The Ohio Water Development Authority (OWDA) loans relate to funding upgrades in the Village utility system to meet EPA standards. The Village has pledged the revenues from the utility system of the Village to pay for the OWDA loans.

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

<u>Year Ending December 31:</u>	Truck Commercial <u>Loan</u>	Tractor Commercial <u>Loan</u>	OWDA Loan <u>2091S</u>	OWDA Loan <u>2091</u>
2000	\$ 307	\$ 3,173	\$ 2,738	\$ 27,468
2001	0	3,173	2,738	27,468
2002	0	3,173	2,738	27,468
2003	0	3,173	2,738	27,468
2004	0	1,323	2,738	27,468
Subsequent	0	0	38,332	384,546
Total	<u>\$ 307</u>	<u>\$ 14,015</u>	<u>\$ 52,022</u>	<u>\$ 521,886</u>

7. RISK MANAGEMENT

The Village has obtain commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Chesterhill, Morgan County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 29, 2001. 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 1999-31058-001 through 1999-31058-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 29, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 29, 2001.

Village of Chesterhill
Morgan County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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.

Jim Petro
Auditor of State

March 29, 2001

**VILLAGE OF CHESTERHILL
MORGAN COUNTY**

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

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

FINDING NUMBER 1999-31058-001

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue. This could result in the Village overspending available fund balances.

Appropriations exceeded estimated resources in the following funds at December 31, 1999:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriation Authority</u>	<u>Variance</u>
General	\$ 59,060	\$ 70,225	\$ (11,165)
Street Construction, Maintenance and Repair	\$ 10,402	\$ 16,500	\$ (6,098)
Fire	\$ 6,134	\$ 7,075	\$ (941)

Appropriations exceeded estimated resources in the following funds at December 31, 1998:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriation Authority</u>	<u>Variance</u>
General	\$ 73,336	\$ 74,035	\$ (699)
Street Construction, Maintenance and Repair	\$ 14,422	\$ 22,422	\$ (8,000)
Fire	\$ 9,368	\$ 10,198	\$ (830)
Water	\$ 92,450	\$ 133,095	\$ (40,645)

We recommend the Village compare appropriations to estimated resources throughout the year and make the necessary budgetary adjustments to ensure that appropriations do not exceed estimate resources. This comparison should be performed whenever amendments are approved by the Council and posted to the financial records.

FINDING NUMBER 1999-31058-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing authority shall make any contract or order an 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 purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. 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 provides two "exceptions" to the above requirement:

VILLAGE OF CHESTERHILL
MORGAN COUNTY

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

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

FINDING NUMBER 1999-31058-002 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41(D) (Continued):

- 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 from any previous encumbrances, the Village 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 the Village Council.

In 1999, none of the nonpayroll transactions received prior certification. In 1998, purchase orders were completed but not certified by the Village Clerk. By not certifying funds prior to the purchase commitment being made, the Village may obligate funds it does not have available.

We recommend the Village obtain the fiscal officer's certification of the availability of funds prior to a commitment being incurred.

FINDING NUMBER 1999-31058-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

Expenditures exceeded appropriations at December 31, 1999, in the following fund:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Union Hall Renovation	\$ 0	\$ 25,220	\$(25,220)

We recommend the Village Clerk monitor expenditures versus appropriations throughout the year. Additional appropriations should be added by resolution when revenue is available. We further recommend the Village Council not approve disbursements without supporting appropriations.

**VILLAGE OF CHESTERHILL
MORGAN COUNTY**

**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 1999-31058-004

Noncompliance Citation

Ohio Admin. Code Section 117-2-02 (A) requires all local public offices shall 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 required by Ohio Admin. Code Section 117-2-03.

Further, Item (D) of this Section states that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the following:

1. Cash journal, which typically contains the following information: amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.
3. Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.

The Village maintained a manual accounting system. Although the Village maintained a cash journal for the audit period, it was recorded in pencil. Month-to-date information was recorded as year-to-date. Further, no receipts or appropriations ledgers were maintained for the period. As a result, financial reporting and budgetary controls were greatly limited.

We recommend the Village maintain the records in accordance with the Ohio Administrative Code requirements.

**VILLAGE OF CHESTERHILL
MORGAN COUNTY**

**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 Longer Valid; <i>Explain:</i>
1997-31058-001	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for not utilizing the encumbrance method of accounting and for failing to obtain prior certification of available funds.	No	Not Corrected: This issue is repeated in the current Schedule of Findings as item 1999-31058-002.

**VILLAGE OF CHESTERHILL
MORGAN COUNTY**

**CORRECTIVE ACTION PLAN
DECEMBER 31, 1999 AND 1998**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact person
1999-31058-001	The appropriation ledger will be maintained and compared to the amended certificate of estimated resources when they are approved by Council.	April, 2001	Carol Gage, Clerk Richard Wetzel, Mayor
1999-31058-002	The maintenance of the appropriations ledger should help in this matter.	April, 2001	Carol Gage, Clerk Richard Wetzel, Mayor
1999-31058-003	Monthly reports to Council and Council's monitoring of the financial records should help to clear this problem in the future.	April, 2001	Carol Gage, Clerk Richard Wetzel, Mayor



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OFFICE OF THE AUDITOR

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VILLAGE OF CHESTERHILL

MORGAN 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
MAY 22, 2001**