

Village of Chesapeake
Lawrence County, Ohio

Regular Audit

For the years ended December 31, 2008 and 2007
Fiscal Years Audited Under GAGAS: 2008 and 2007



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA

Auditor of State

Village Council
Village of Chesapeake
P.O. Box 388
Chesapeake, OH 45619

We have reviewed the *Independent Auditor's Report* of the Village of Chesapeake, Lawrence County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2007 to December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Chesapeake is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 1, 2009

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Village of Chesapeake
Lawrence County, Ohio
For the Years Ended December 31, 2008 and 2007
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Independent Auditor's Report

Village Council
Village of Chesapeake
Lawrence County
P.O. Box 388
Chesapeake, Ohio 45619

We have audited the accompanying financial statements of Village of Chesapeake, Lawrence County, Ohio, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects and the combined fund cash balances of Village of Chesapeake, Lawrence County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Village of Chesapeake
Lawrence County
Independent Auditors' Report

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.

August 14, 2009

Village of Chesapeake, Lawrence County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2008

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Local Taxes	\$ 20,378	\$ 28,749	\$ -	\$ 49,127
Intergovernmental	112,867	51,678	195,431	359,976
Fines, Licenses, and Permits	157,290	3,137	-	160,427
Earnings on Investments	3,624	225	-	3,849
Miscellaneous	1,114	2,223	-	3,337
Total Cash Receipts	295,273	86,012	195,431	576,716
Cash Disbursements:				
Current:				
Security of Persons & Property	145,756	43,544		189,300
Transportation	1,025	-		1,025
General Government	63,069	45,725		108,794
Capital Outlay	-	1,550	195,431	196,981
Debt Service:				
Redemption of Principal	11,625	11,104		22,729
Interest and Fiscal Charges	3,588	5,070		8,658
Total Cash Disbursements	225,063	106,993	195,431	527,487
Total Cash Receipts Over/(Under) Cash Disbursements	70,210	(20,981)		49,229
Other Financing Receipts and (Disbursements):				
Transfers-In	-	12,000	-	12,000
Transfers-Out	(12,000)	-	-	(12,000)
Total Other Financing Receipts/(Disbursements)	(12,000)	12,000	-	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	58,210	(8,981)	-	49,229
Fund Cash Balances, January 1	77,026	95,088	-	172,114
Fund Cash Balances, December 31	\$ 135,236	\$ 86,107	\$ -	\$ 221,343

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

Village of Chesapeake, Lawrence County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Agency Fund
For the Year Ended December 31, 2008

	<u>Agency</u>
Non-Operating Cash Receipts/Disbursements	
Other Non-operating Receipts	\$ 165,858
Other Non-operating Disbursements	<u>(167,389)</u>
Net Cash Receipts Over/(Under) Cash Disbursements	<u>(1,531)</u>
Fund Cash Balances, January 1	<u>3,666</u>
Fund Cash Balances, December 31	<u><u>\$ 2,135</u></u>

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

Village of Chesapeake, Lawrence County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Local Taxes	\$ 20,121	\$ 29,289	\$ -	\$ 49,410
Intergovernmental	39,071	54,940	311,091	405,102
Charges for Services	-	5,720	-	5,720
Fines, Licenses, and Permits	155,944	5,283	-	161,227
Earnings on Investments	7,247	1,242	-	8,489
Miscellaneous	3,285	2,981	-	6,266
Total Cash Receipts	225,668	99,455	311,091	636,214
Cash Disbursements:				
Current:				
Security of Persons & Property	120,419	30,075	-	150,494
General Government	67,802	47,951	-	115,753
Capital Outlay	-	17,952	311,091	329,043
Debt Service:				
Redemption of Principal	12,054	10,103	-	22,157
Interest and Fiscal Charges	3,095	5,744	-	8,839
Total Cash Disbursements	203,370	111,825	311,091	626,286
Total Cash Receipts Over/(Under) Cash Disbursements	22,298	(12,370)		9,928
Other Financing Receipts and (Disbursements):				
Loan Proceeds	-	5,591	-	5,591
Total Other Financing Receipts/(Disbursements)	-	5,591	-	5,591
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	22,298	(6,779)	-	15,519
Fund Cash Balances, January 1	54,728	101,867	-	156,595
Fund Cash Balances, December 31	\$ 77,026	\$ 95,088	\$ -	\$ 172,114

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

Village of Chesapeake, Lawrence County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Agency Fund
For the Year Ended December 31, 2007

	<u>Agency</u>
Non-Operating Cash Receipts/Disbursements	
Other Non-operating Receipts	\$163,602
Other Non-operating Disbursements	<u>(164,239)</u>
Net Cash Receipts Over/(Under) Cash Disbursements	(637)
Fund Cash Balances, January 1	<u>4,303</u>
Fund Cash Balances, December 31	<u><u>\$ 3,666</u></u>

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

**VILLAGE OF CHESAPEAKE
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Chesapeake, Lawrence County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including maintenance of roads and police services. The village contracts with Chesapeake Union Township Volunteer Fire Department to receive fire protection services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. The basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash Deposit

The Village values cash at cost.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for the proceeds from specific sources (other than from private-purpose 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.

Fire Fund – This fund receives property tax money to provide fire protection for the Village residents.

**VILLAGE OF CHESAPEAKE
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Levy Fund – This fund receives property tax money to provide fire protection for the Village residents.

3. Fiduciary Funds (Agency Fund)

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the activities of the Village's Mayor's Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

The Village records disbursements for acquisition of property, plant and equipments when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

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

**VILLAGE OF CHESAPEAKE
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007
(Continued)**

2. Equity in Pooled Cash and Investments

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

	2008	2007
Demand deposits	\$223,478	\$175,780
Total deposits	\$223,478	\$175,780

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and December 31, 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$191,819	\$295,273	\$103,454
Special Revenue	81,151	98,012	16,861
Capital Projects	104,294	195,431	91,137
Total	\$377,264	\$588,716	\$211,452

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgeted Expenses	Actual Expenses	Variance
General	\$268,823	\$237,063	\$ 31,760
Special Revenue	176,189	106,993	69,196
Capital Projects	104,294	195,431	(91,137)
Total	\$549,306	\$539,487	\$ 9,819

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$164,048	\$225,668	\$ 61,620
Special Revenue	77,522	105,046	27,524
Capital Projects	0	311,091	311,091
Total	\$241,570	\$641,805	\$ 400,235

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgeted Expenses	Actual Expenses	Variance
General	\$216,824	\$203,370	\$ 13,454
Special Revenue	178,765	111,825	66,940
Capital Projects	0	311,091	(311,091)
Total	\$395,589	\$626,286	(\$230,697)

**VILLAGE OF CHESAPEAKE
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007
(Continued)**

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If property owner elects to pay semiannually, the first half is due December 31. The second half payment is due to 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 Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS), with the exception of two council members who pay directly into Social Security. OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OP&F participants contributed 10% of their wages. For 2008 and 2007, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2008 and 2007, OPERS members contributed 10% and 9.5% respectively, of their gross salaries and the Village contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

6. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF CHESAPEAKE
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007
(Continued)**

7. Debt

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
City National Bank Loan	\$124,101	4%
Total	<u>\$124,101</u>	

The City National Bank Loan relates to the purchase of a new fire truck, purchased in 2000. The loan was repaid in monthly installments of \$1,273.03, including interest for, 4 months of 2005, and then the Village obtained a new City National Bank Loan on May 24, 2005 to make a balloon payment in the amount of \$151,732.41 to pay off the old debt. The loan will be repaid in monthly installments of \$1,127.08, including interest, over a period of 59 months and then a balloon payment could be made in the amount of \$112,098.95 to pay off the debt. The loan was set up for 5 years; however, at the end of 5 years, the bank will reassess the loan and, if payments are being made properly, they will extend it over a 20 year period. The loan is collateralized by the fire truck.

The WV Tractor Company relates to the purchase of a Salt Spreader, purchased in 2007. The loan amount received was \$5,591 and was paid off on 8/25/08.

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

Year ending December 31:	<u>City National Bank Loan</u>
2009	\$13,525
2010	<u>116,607</u>
Total	\$130,132

8. Lease

The lease outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Lease	<u>\$36,148</u>	5.65%
Total	<u>\$36,148</u>	

A new lease for two Police cruisers was obtained in July, 2006 with Daimler Chrysler in monthly installments of \$1,257.26, including interest for 5 years.

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

Year ending December 31:	<u>City National Bank Loan</u>
2009	\$15,087
2010	15,087
2011	<u>7,544</u>
Total	\$37,718

**VILLAGE OF CHESAPEAKE
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007
(Continued)**

9. Noncompliance

Contrary to Ohio law, the Village had expenses exceeding appropriations.

Contrary to Ohio law, the Village had appropriations exceeding estimated resources.



Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed in Accordance With *Government Auditing Standards*

Village Council
Village of Chesapeake
Lawrence County
P.O. Box 388
Chesapeake, Ohio 45619

We have audited the financial statements of Village of Chesapeake, Lawrence County, Ohio, (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 14, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings as item 2008-001 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

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, providing an opinion 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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2008-002 and 2008-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 14, 2009.

We intended this report solely for the information and use of management and the Council. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
August 14, 2009

**VILLAGE OF CHESAPEAKE
LAWRENCE COUNTY
DECEMBER 31, 2008 AND 2007
SCHEDULE OF FINDINGS**

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

FINDING NUMBER 2008-001

Significant Deficiency

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. There were several material audit adjustments that were noted in relations to the financial statements.

Intergovernmental Revenue,
Interest Revenue,
Debt Principal Expense,
Interest and Fiscal Charges Expense.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

The Village should develop policies and procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Village.

Client Response: The Client chose not to respond to this issue.

FINDING NUMBER 2008-002

Material Noncompliance

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated. The Capital Projects Fund is paid directly to the contractors by OPWC and the Village did not amend their appropriations for this. The Village transferred \$12,000 in to the Street Construction, Maintenance and Repair Fund, however they did not amend their appropriations for the amount of the transfer.

2008	<u>Fund</u>	<u>Budgeted Expenses</u>	<u>Actual Expenses</u>	<u>Variance</u>
	Street Construction, Maintenance and Repair Fund	\$62,226	\$ 72,409	(\$10,183)
	Capital Projects Fund	104,294	195,431	(91,137)
	Total	<u>\$166,520</u>	<u>\$267,840</u>	<u>(\$101,320)</u>
2007	<u>Fund</u>	<u>Budgeted Expenses</u>	<u>Actual Expenses</u>	<u>Variance</u>
	Capital Projects Fund	\$0	\$311,091	(\$311,091)

The Village should maintain an appropriation ledger and monitor expenditures to ensure appropriations are not exceeded.

Client Response: The Client chose not to respond to this issue.

**VILLAGE OF CHESAPEAKE
LAWRENCE COUNTY
DECEMBER 31, 2008 AND 2007
SCHEDULE OF FINDINGS
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-003

Material Noncompliance

Ohio Revised Code Section 5705.39 states in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate resources or amended official estimate resources. When completing the appropriation measure the Village incorrectly posted appropriations to various funds.

2008		Budgeted	Budget	
	<u>Fund</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Variance</u>
	Fire Fund	\$34,421	\$45,919	(\$11,498)
	Computer Fund	3,248	4,769	(1,521)
	Total	<u>\$37,669</u>	<u>\$50,688</u>	<u>(\$13,019)</u>

The Village should maintain ledgers and monitor appropriations to ensure they do not exceed estimated resources.

Client Response: The Client chose not to respond to this issue.

**VILLAGE OF CHESAPEAKE
LAWRENCE COUNTY
DECEMBER 31, 2008 AND 2007**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-007	Ohio Revised Code Section 5705.41(D) – Did not properly certify funds for expenditure.	No	Partially Corrected reissue in a letter to management.



Mary Taylor, CPA
Auditor of State

VILLAGE OF CHESAPEAKE

LAWRENCE 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
OCTOBER 15, 2009**