



**VILLAGE OF CHAUNCEY
ATHENS COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021 - 2020**

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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Chauncey
42 Converse Street
Chauncey, OH 45719

We have reviewed the *Independent Auditor's Report* of the Village of Chauncey, Athens County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

September 15, 2022

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VILLAGE OF CHAUNCEY
ATHENS COUNTY

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Certified Public Accountants, A.C.

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Chauncey, Athens County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



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

July 29, 2022

**VILLAGE OF CHAUNCEY
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 46,181	\$ -	\$ 46,181
Intergovernmental	24,240	56,738	80,978
Fines, Licenses and Permits	1,229	-	1,229
Earnings on Investments	198	77	275
Miscellaneous	962	9,881	10,843
<i>Total Cash Receipts</i>	<u>72,810</u>	<u>66,696</u>	<u>139,506</u>
Cash Disbursements			
Current:			
Security of Persons & Property	11,116	-	11,116
Transportation	-	53,550	53,550
General Government	72,048	1,424	73,472
<i>Total Cash Disbursements</i>	<u>83,164</u>	<u>54,974</u>	<u>138,138</u>
<i>Net Change in Fund Cash Balances</i>	(10,354)	11,722	1,368
<i>Fund Cash Balances, January 1</i>	<u>39,395</u>	<u>146,098</u>	<u>185,493</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 29,041</u>	<u>\$ 157,820</u>	<u>\$ 186,861</u>

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

**VILLAGE OF CHAUNCEY
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Enterprise	Totals (Memorandum Only)
Operating Cash Receipts		
Charges for Services	\$ 424,452	\$ 424,452
<i>Total Operating Cash Receipts</i>	424,452	424,452
Operating Cash Disbursements		
Personal Services	72,916	72,916
Fringe Benefits	9,121	9,121
Contractual Services	142,761	142,761
Supplies and Materials	54,479	54,479
Other	7,054	7,054
<i>Total Operating Cash Disbursements</i>	286,331	286,331
<i>Operating Income (Loss)</i>	138,121	138,121
Non-Operating Receipts (Disbursements)		
Intergovernmental Receipts	54,209	54,209
Other Debt Proceeds	44,052	44,052
Miscellaneous Receipts	6,080	6,080
Principal Retirement	(36,988)	(36,988)
Interest and Other Fiscal Charges	(4,958)	(4,958)
<i>Total Non-Operating Receipts (Disbursements)</i>	62,395	62,395
<i>Net Change in Fund Cash Balance</i>	200,516	200,516
<i>Fund Cash Balances, January 1</i>	249,114	249,114
<i>Fund Cash Balances, December 31</i>	\$ 449,630	\$ 449,630

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

**VILLAGE OF CHAUNCEY
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Other Custodial	Totals (Memorandum Only)
Additions		
Other Amounts Collected for Distribution	\$ -	-
<i>Total Additions</i>	-	-
Deductions		
Other Distributions	-	-
<i>Total Deductions</i>	-	-
Net Change in Fund Balances	-	-
<i>Fund Cash Balances, January 1</i>	26	26
<i>Fund Cash Balances, December 31</i>	\$ 26	\$ 26

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

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Chauncey (the Village), Athens County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government, maintenance of Village streets, and water and sewer utilities. The Village contracts with the Athens County Sheriff's department to provide security of persons and property.

Public Entity Risk Pools

The Village participates in a public entity risk pool for insurance purposes. Note 7 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

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

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayor's Court, this fund accounts for activity of the Village in Mayor's Court; however, Mayor's Court is no longer active. The fund was left open in case Mayor's Court is reinstated in the future.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Construction, Maintenance, and Repair fund by \$13,751 and in the Parks and Receptions fund by \$1,424.49 for the year ended December 31, 2021.

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 87,000	\$ 72,810	\$ 14,190
Special Revenue	55,100	69,696	(14,596)
Enterprise	450,000	528,793	(78,793)
Total	\$ 592,100	\$ 671,299	\$ (79,199)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 86,000	\$ 83,595	\$ 2,405
Special Revenue	54,000	55,252	(1,252)
Enterprise	407,000	330,185	76,815
Total	\$ 547,000	\$ 469,032	\$ 77,968

Note 5 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit account is as follows:

	2021
Cash Management Pool:	
Demand deposits	\$ 636,517
Total deposits	\$ 636,517

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$2,616 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 7 – Risk Management

Risk Pool Membership

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

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

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>\$ (15,037,383)</u>
Members Equity	<u><u>\$ 6,740,056</u></u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
OPWC #CR21A	\$ 10,573	0%
OPWC #CT68E	63,011	0%
Water System Revenue Bond 01	3,000	5%
Water System Revenue Bond 02	4,000	7.875%
OWDA #3923	211,649	2%
OWDA #4736	8,970	5%
OWDA #5653	17,157	2%
OWDA #9443	44,052	2%
Total	\$ 362,412	

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

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

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt (Continued)

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

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

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

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

The Ohio Water Development Authority (OWDA) loan 9443 relates to the sewer system improvement project. The Village will begin repayment once the project is complete. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. No amortization schedule is included since the loan is not fully disbursed.

Amortization

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

Year Ending December 31:	OWDA #3923	OWDA #4736	OWDA #5653	OPWC #CR21A
2022	\$ 19,222	\$ 1,616	\$ 1,945	\$ 10,573
2023	19,221	1,616	1,944	-
2024	19,222	1,616	1,945	-
2025	19,221	1,616	1,944	-
2026	19,221	1,616	1,945	-
2027-2031	96,108	2,424	8,750	-
2032-2034	28,832	-	-	-
Total	\$ 221,047	\$ 10,504	\$ 18,473	\$ 10,573

Year Ending December 31:	OPWC #CT68E	Bonds
2022	\$ 11,456	\$ 8,458
2023	11,457	-
2024	11,456	-
2025	11,457	-
2026	11,456	-
2027-2031	5,729	-
Total	\$ 63,011	\$8,458

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Contingent Liabilities

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

Note 12 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the Village had the following encumbrances:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Outstanding Encumbrances	\$ 431	\$ 278	\$ 1,908	\$ 2,617
<i>Total</i>	<u>\$ 431</u>	<u>\$ 278</u>	<u>\$ 1,908</u>	<u>\$ 2,617</u>

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

**VILLAGE OF CHAUNCEY
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 43,675	\$ -	\$ 43,675
Intergovernmental	25,073	177,828	202,901
Fines, Licenses and Permits	181	-	181
Earnings on Investments	192	143	335
Miscellaneous	4,678	1,849	6,527
<i>Total Cash Receipts</i>	<u>73,799</u>	<u>179,820</u>	<u>253,619</u>
Cash Disbursements			
Current:			
Security of Persons & Property	11,697	-	11,697
Transportation	-	49,354	49,354
General Government	73,653	54,686	128,339
<i>Total Cash Disbursements</i>	<u>85,350</u>	<u>104,040</u>	<u>189,390</u>
<i>Net Change in Fund Cash Balances</i>	(11,551)	75,780	64,229
<i>Fund Cash Balances, January 1</i>	<u>50,946</u>	<u>70,318</u>	<u>121,264</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 39,395</u></u>	<u><u>\$ 146,098</u></u>	<u><u>\$ 185,493</u></u>

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

**VILLAGE OF CHAUNCEY
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Enterprise	Totals (Memorandum Only)
Operating Cash Receipts		
Charges for Services	396,249	396,249
<i>Total Operating Cash Receipts</i>	<i>396,249</i>	<i>396,249</i>
Operating Cash Disbursements		
Personal Services	79,360	79,360
Fringe Benefits	9,784	9,784
Contractual Services	236,307	236,307
Supplies and Materials	24,197	24,197
Other	31,073	31,073
<i>Total Operating Cash Disbursements</i>	<i>380,721</i>	<i>380,721</i>
<i>Operating Income (Loss)</i>	<i>15,528</i>	<i>15,528</i>
Non-Operating Receipts (Disbursements)		
Miscellaneous Receipts	3,698	3,698
Principal Retirement	(44,551)	(44,551)
Interest and Other Fiscal Charges	(6,892)	(6,892)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(47,745)</i>	<i>(47,745)</i>
<i>Net Change in Fund Cash Balance</i>	<i>(32,217)</i>	<i>(32,217)</i>
<i>Fund Cash Balances, January 1</i>	<i>281,331</i>	<i>281,331</i>
<i>Fund Cash Balances, December 31</i>	<i>249,114</i>	<i>249,114</i>

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

**VILLAGE OF CHAUNCEY
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Other Custodial	Totals (Memorandum Only)
Additions		
Other Amounts Collected for Distribution	\$ -	\$ -
<i>Total Additions</i>	-	-
Deductions		
Other Distributions	-	
<i>Total Deductions</i>	-	-
Net Change in Fund Balances	-	-
<i>Fund Cash Balances, January 1 (Restated, See Note 15)</i>	26	26
<i>Fund Cash Balances, December 31</i>	\$ 26	\$ 26

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

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Chauncey (the Village), Athens County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government, maintenance of Village streets, and water and sewer utilities. The Village contracts with the Athens County Sheriff's department to provide security of persons and property.

Public Entity Risk Pools

The Village participates in a public entity risk pool for insurance purposes. Note 7 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

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

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

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayor's Court, this fund accounts for activity of the Village in Mayor's Court; however, Mayor's Court is no longer active. The fund was left open in case Mayor's Court is reinstated in the future.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 4.

Deposits and Investments

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

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the State Highway fund by \$9,500 and in the Sewer Operating fund by \$94,600 for the year ended December 31, 2020.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 86,980	\$ 73,799	\$ 13,181
Special Revenue	91,063	179,820	(88,757)
Enterprise	475,000	399,947	75,053
Total	\$ 653,043	\$ 653,566	\$ (523)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 98,700	\$ 85,350	\$ 13,350
Special Revenue	99,191	104,040	(4,849)
Enterprise	395,000	432,164	(37,164)
Total	\$ 592,891	\$ 621,554	\$ (28,663)

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit account is as follows:

	<u>2020</u>
<i>Cash Management Pool:</i>	
Demand deposits	<u>\$ 434,633</u>
Total deposits	<u><u>\$ 434,633</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is holding \$2,154 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 7 – Risk Management

Risk Pool Membership

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

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Risk Management (Continued)

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974.00
Liabilities	<u>\$ (13,530,267.00)</u>
Members Equity	<u>\$ 5,296,707.00</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
OPWC #CT779	\$ 3,131	0%
OPWC #CR604	5,000	0%
OPWC #CR21A	15,860	0%
OPWC #CT68E	68,739	0%
Water System Revenue Bond 01	8,000	5%
Water System Revenue Bond 02	8,000	7.875%
OWDA #3923	219,069	2%
OWDA #4736	9,555	5%
OWDA #5653	17,994	2%
Total	\$ 355,348	

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

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

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

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

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

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

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Debt (Continued)

Amortization

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

Year Ending December 31:	OWDA #3923	OWDA #4736	OWDA #5653	Bonds
2021	\$ 19,221	\$ 1,616	\$ 1,944	\$ 8,944
2022	19,222	1,616	1,945	8,458
2023	19,221	1,616	1,944	-
2024	19,222	1,616	1,945	-
2025	19,221	1,616	1,944	-
2026-2030	96,108	4,040	9,723	-
2031-2034	48,053	-	972	-
Total	<u>\$ 240,268</u>	<u>\$ 12,120</u>	<u>\$ 20,417</u>	<u>\$ 17,402</u>

Year Ending December 31:	OPWC #CT68E	OPWC #CR21A	OPWC #CR604	OPWC #CT779
2021	\$ 11,457	\$ 10,573	\$ 5,000	\$ 3,131
2022	11,456	5,287	-	-
2023	11,457	-	-	-
2024	11,456	-	-	-
2025	11,457	-	-	-
2026-2030	11,456	-	-	-
Total	<u>\$ 68,739</u>	<u>\$ 15,860</u>	<u>\$ 5,000</u>	<u>\$ 3,131</u>

Note 11 – Contingent Liabilities

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

Note 12 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the Village had no encumbrances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Chauncey, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 13 – Change in Accounting Principle

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 15 – Restatement of Beginning Fund Balance

The Fiduciary Fund balance was restated as of January 1, 2020 due to a checking account that was left off their reconciliation. The effect of this restatement is noted below.

	<u>Other Custodial Funds</u>
Ending Fund Balance at December 31, 2019	\$ 21
Restatement	<u>5</u>
Restated Fund Balance January 1, 2020	<u>\$ 26</u>

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of Village of Chauncey, Athens County, (the Village) and have issued our report thereon dated July 29, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of audit findings as item 2021-001 that we consider to be a material weakness.

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations
Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of audit findings as items 2021-002 and 2021-003.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

July 29, 2022

**VILLAGE OF CHAUNCEY
ATHENS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-001

Material Weakness

Financial Reporting

The Village is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting.

During 2021 and 2020, receipts, disbursements were not always posted or classified correctly. The following posting errors were noted:

- Ohio Water Development Authority proceeds were recorded as Miscellaneous instead of Other Debt Proceeds in the Sewer Fund in 2021;
- Revenue from Athens County Auditor was posted to Miscellaneous instead of Intergovernmental in the Sewer Fund ;
- Property tax receipts were posted to the UAN system at net;
- Homestead and rollback receipts were posted as Property and Other Local Taxes instead of Intergovernmental in the General Fund in 2020;
- Rollback receipts were posted to the Street Construction. Maintenance and Repair Fund instead of the General Fund in 2021;
- A local government receipt was posted to the Permissive Motor Vehicle License Tax Fund instead of the General Fund in 2018;
- Payments on OWDA debt were posted as Personal Services and Other instead of Principal Retirement and Interest and Other Fiscal Charges in the Water and Sewer Funds in 2021 and 2020;
- Payments on OPWC debt were posted as Other instead of Principal Retirement and Interest and Other Fiscal Charges in the Water and Sewer Funds in 2021 and 2020;
- Gas Excise and Auto License tax payments were not properly allocated in 2021;
- Mayor's Court fund balance was understated by \$5 due to a bank statement being left off the reconciliation;
- OWDA proceeds were recorded in the Parks and Recreation fund as Miscellaneous rather than the sewer fund as Other Debt Proceeds; and
- OWDA proceeds for loan #9443 in the amount of \$1,379 were not recorded.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassification and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The Village has made these adjustments to their accounting system.

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

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

Officials' Response – We did not receive a response from officials to this finding.

VILLAGE OF CHAUNCEY
ATHENS COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-002

Noncompliance

Ohio Revised Code § 5705.41(D) provides, in part, that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the subdivision can authorize the drawing of a warrant for the payment of the amount due. The subdivision has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the subdivision.

2. Blanket certificate – Fiscal officers may prepare "blanket" certificates not exceeding an amount established by resolution or ordinance adopted by the legislative authority against any specific line item account over a period not running beyond the end of the year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

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

The Village did not properly certify the availability of funds prior to purchase commitment for 69% of the expenditures tested for 2021 and for 38% of the expenditures tested for 2020.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements, and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, "Then and Now" certification should be used.

Officials' Response – We did not receive a response from Officials to this finding.

VILLAGE OF CHAUNCEY
ATHENS COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-003

Noncompliance

Ohio Revised Code, § 5705.41(B), provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

At December 31, 2021 expenditures exceeded appropriations in the Street Construction Maintenance and Repair Fund by \$13,750 and Parks and Recreation Fund by \$1,424. In 2020, we noted expenditures exceeded appropriations in the State Highway Fund by \$9,500 and Sewer Operating Fund by \$94,600.

The Fiscal Officer and Trustees should monitor appropriations versus estimated resources to help avoid overspending. Officials should review the requirements of ORC section 5705 to be familiar with these laws and ensure the Village is complying with applicable sections.

In addition, the Village did not have a control procedure in place to ensure appropriations and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate.

Officials' Response – We did not receive a response from Officials to this finding.

**VILLAGE OF CHAUNCEY
ATHENS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Financial Reporting	Not Corrected	Repeated as Finding 2021-001
2019-002	Ohio Revised Code Section 5705.41(D)	Not Corrected	Repeated as Finding 2021-002

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CHAUNCEY

ATHENS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/27/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov