



***VILLAGE OF CHESTERHILL  
MORGAN COUNTY***

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**Regular Audit**

**For the Years Ended  
December 31, 2021 and 2020**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





OHIO AUDITOR OF STATE  
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Village of Chesterhill, Morgan County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 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 Chesterhill is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

January 26, 2023

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**VILLAGE OF CHESTERHILL, MORGAN COUNTY**

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## Independent Auditor's Report

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

To the Village Council:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Chesterhill, Morgan County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental fund type 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 fund type 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 thereof for the years then ended.

***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 Township, 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 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 Township'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 Township'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 Township'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.

### **Emphasis of Matter**

As discussed in Note 12 to the financial statements, for 2021 and 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 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 Township'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.

*J. L. Uhrig and Associates, Inc.*

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

December 21, 2022

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2021**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	
<b><u>Cash Receipts:</u></b>				
Property and Local Taxes	\$8,435	\$8,556	\$0	\$16,991
Intergovernmental	28,297	20,397	2,743,355	2,792,049
Special Assessments	0	0	6,911	6,911
Charges for Service	30,004	0	0	30,004
Earnings on Investments	793	93	0	886
Miscellaneous	4,204	0	5,438	9,642
<b>Total Cash Receipts</b>	<b>71,733</b>	<b>29,046</b>	<b>2,755,704</b>	<b>2,856,483</b>
<b><u>Cash Disbursements:</u></b>				
<i>Current:</i>				
General Government	55,578	18,641	0	74,219
Security of Persons and Property	4,673	0	0	4,673
Leisure Time Activities	56	0	0	56
Basic Utility Services	279	0	8,650	8,929
Transportation	0	13,264	0	13,264
Capital Outlay	0	0	2,922,597	2,922,597
Debt Service:				
Principal	0	0	2,743,355	2,743,355
<b>Total Cash Disbursements</b>	<b>60,586</b>	<b>31,905</b>	<b>5,674,602</b>	<b>5,767,093</b>
Cash Receipts Over/(Under) Cash Disbursements	11,147	(2,859)	(2,918,898)	(2,910,610)
<b><u>Other Financing Receipts (Disbursements)</u></b>				
Loans Issued	0	0	2,929,773	2,929,773
<b>Total Other Financing Receipts (Disbursements)</b>	<b>0</b>	<b>0</b>	<b>2,929,773</b>	<b>2,929,773</b>
Net Change in Fund Cash Balance	11,147	(2,859)	10,875	19,163
Fund Cash Balances, January 1	12,876	16,748	15,804	45,428
Restricted	0	13,889	26,679	40,568
Unassigned	24,023	0	0	24,023
<b>Fund Cash Balances, December 31</b>	<b>\$24,023</b>	<b>\$13,889</b>	<b>\$26,679</b>	<b>\$64,591</b>

See accompanying notes to the financial statements.

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Proprietary Fund Types and Similar Fiduciary Funds**  
**For the Year Ended December 31, 2021**

	Proprietary Fund Type
	Enterprise
<b><u>Operating Cash Receipts:</u></b>	
Charges for Services	\$174,862
Total Operating Cash Receipts	174,862
<b><u>Operating Cash Disbursements:</u></b>	
Personal Services	68,026
Employee Fringe Benefits	8,136
Contractual Services	33,173
Supplies and Materials	4,406
Other	33,149
Total Operating Cash Disbursements	146,890
Operating Income (Loss)	27,972
<b><u>Non-Operating Cash Receipts (Disbursements):</u></b>	
Principal Retirement	(12,801)
Interest and Other Fiscal Charges	(2,778)
Total Non-Operating Cash Receipts (Disbursements)	(15,579)
Net Change in Fund Cash Balances	12,393
Fund Cash Balances, January 1	143,685
<b>Fund Cash Balances, December 31</b>	<b>\$156,078</b>

See accompanying notes to the financial statements.

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

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**Note 1 – Reporting Entity**

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

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

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

**Note 2 – Summary of Significant Accounting Policies**

**A. Basis of Presentation**

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

**B. Fund Accounting**

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

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

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

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

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

**Capital Project Funds:** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

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

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

C. Basis of Accounting

The Village's financial statements follow the basis of accounting permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

D. Budgetary Process

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

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

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

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

A summary of 2021 budgetary activity appears in Note 3.

E. Fund Balances

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

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

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

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

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

**Note 2 – Summary of Significant Accounting Policies** (continued)

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted or committed*. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the General Fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

**Note 3 – Budgetary Basis of Accounting**

The Village’s budgetary activity for the year ending December 31, 2021 was as follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$50,534	\$71,733	\$21,199
Special Revenue	23,411	29,046	5,635
Capital Projects	5,739,988	5,685,477	(54,511)
Enterprise	177,050	174,862	(2,188)
<i>Total</i>	\$5,990,983	\$5,961,118	(\$29,865)

2021 Budgeted vs. Actual Budgetary Disbursements			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Disbursements	
General	\$74,959	\$60,586	\$14,373
Special Revenue	35,849	31,905	3,944
Capital Projects	5,803,716	5,674,602	129,114
Enterprise	222,346	162,469	59,877
<i>Total</i>	\$6,136,870	\$5,929,562	\$207,308

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

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**Note 4 – Cash and Investments**

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

	<u>2021</u>
Demand Deposits	<u>\$202,302</u>
Total Deposits	<u>202,302</u>
STAR Ohio	<u>18,367</u>
Total Investments	<u>18,367</u>
Total	<u><u>\$220,669</u></u>

**Deposits**

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

**Investments**

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

**Note 5- Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes area also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. The second half payment is due the following June 20.

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

**Note 6 – Risk Management**

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

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

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

**Note 6 – Risk Management** – (Continued)

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2021 and 2020 (the latest information available):

Casualty & Property Coverage	2021	2020
Assets	\$59,340,305	\$57,336,499
Liabilities	(17,071,953)	(16,156,805)
Retained Earnings	\$42,268,352	\$41,179,694

The Casualty Coverage assets and retained earnings above include approximately \$13.7 million of unpaid claims to be billed to approximately 553 member governments in the future, as of December 31, 2021. PEP will collect these amounts in future annual contributions billings when PEP’S related liabilities are due for payment.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool’s primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which, like PEP, is administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2021 the Pool retained \$500,000 for casualty claims and \$250,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants’ gross salaries. The Village has paid all contributions required through December 31, 20219.

Retirement Rates	Year	Member Rate	Employer Rate
OPERS - Local	2021	10%	14%

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefits postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualified benefit recipients. OPERS contribute 1 percent of the employer contribution to fund these benefits.



**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

**Note 9 – Debt**

A schedule of changes in long-term obligations of the Village during 2021 follows:

	Interest Rate	Principal Balance 12-31-20	Issued in 2021	Retired in 2021	Principal Balance 12-31-21
Ohio Water Development Authority 3526	1.50%	\$74,082	\$0	\$5,953	\$68,130
Ohio Water Development Authority 4248	1.50%	114,221	0	6,848	107,373
Ohio Water Development Authority 9049	0.00%	0	2,929,773	2,743,355	186,419
Total		<u>\$188,303</u>	<u>\$2,929,773</u>	<u>\$2,756,155</u>	<u>\$361,922</u>

The Ohio Water Development Authority (OWDA) loan 3526 relate to a water system improvements project The Village will repay the loans semiannual installments of \$3,521, including interest, over 30 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 4248 relate to a water system improvements project The Village will repay the loans semiannual installments of \$4,268, including interest, over 30 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 9049. This loan has not been fully dispersed as of December 31, 2021, and no amortization schedule is available for repayment.

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

	OWDA 3526		OWDA 4248		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$6,042	\$1,000	\$6,950	\$1,586	\$12,992	\$2,586
2023	6,133	909	7,056	1,481	13,189	2,390
2024	6,225	817	7,161	1,375	13,386	2,192
2025	6,319	723	7,269	1,267	13,588	1,990
2026	6,414	628	7,379	1,157	13,793	1,785
2027-2031	33,550	1,661	38,595	4,087	72,145	5,748
2032-2035	3,447	26	32,963	1,124	36,410	1,150
Total	<u>\$68,130</u>	<u>\$5,764</u>	<u>\$107,373</u>	<u>\$12,077</u>	<u>\$175,503</u>	<u>\$17,841</u>

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2021**

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**Note 10 – Contingent Liabilities**

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

**Note 11 – Fund Cash Balances**

As of December 31, 2021, fund balances are composed of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
<i>Restricted:</i>				
Community Development	\$0	\$0	\$26,679	\$26,679
Fire Operations	0	3,435	0	3,435
Parks and Recreation	0	457	0	457
Road Maintenance & Improvement	0	9,997	0	9,997
<i>Unassigned</i>	<u>24,023</u>	<u>0</u>	<u>0</u>	<u>24,023</u>
Total	<u>\$24,023</u>	<u>\$13,889</u>	<u>\$26,679</u>	<u>\$64,591</u>

**Note 12 – 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 2020, the Township did not receive 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.

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2020**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	
<b><u>Cash Receipts:</u></b>				
Property and Local Taxes	\$7,626	\$7,157	\$0	\$14,783
Intergovernmental	16,152	19,916	1,256,646	1,292,714
Special Assessments	0	0	7,363	7,363
Charges for Service	28,696	0	0	28,696
Earnings on Investments	1,942	68	0	2,010
Miscellaneous	0	698	25	723
<b>Total Cash Receipts</b>	<b>54,416</b>	<b>27,839</b>	<b>1,264,034</b>	<b>1,346,289</b>
<b><u>Cash Disbursements:</u></b>				
<i>Current:</i>				
General Government	21,686	8,826	0	30,512
Security of Persons and Property	4,838	0	0	4,838
Leisure Time Activities	60	0	0	60
Basic Utility Services	29,670	0	0	29,670
Transportation	0	15,192	0	15,192
Capital Outlay	0	0	880,216	880,216
<i>Debt Service:</i>				
Principal	0	0	1,651,986	1,651,986
<b>Total Cash Disbursements</b>	<b>56,254</b>	<b>24,018</b>	<b>2,532,202</b>	<b>2,612,474</b>
Cash Receipts Over/(Under) Cash Disbursements	(1,838)	3,821	(1,268,168)	(1,266,185)
<b><u>Other Financing Receipts (Disbursements)</u></b>				
Loans Issued	0	0	1,256,646	1,256,646
<b>Total Other Financing Receipts (Disbursements)</b>	<b>0</b>	<b>0</b>	<b>1,256,646</b>	<b>1,256,646</b>
Net Change in Fund Cash Balance	(1,838)	3,821	(11,522)	(9,539)
Fund Cash Balances, January 1	14,714	12,927	27,326	54,967
Restricted	0	16,748	15,804	32,552
Unassigned	12,876	0	0	12,876
<b>Fund Cash Balances, December 31</b>	<b>\$12,876</b>	<b>\$16,748</b>	<b>\$15,804</b>	<b>\$45,428</b>

See accompanying notes to the financial statements.

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Proprietary Fund Types and Similar Fiduciary Funds**  
**For the Year Ended December 31, 2020**

	Proprietary Fund Type
	Enterprise
<b><u>Operating Cash Receipts:</u></b>	
Charges for Services	\$170,603
Miscellaneous	148
Total Operating Cash Receipts	170,751
<b><u>Operating Cash Disbursements:</u></b>	
Personal Services	76,861
Employee Fringe Benefits	10,192
Contractual Services	41,002
Supplies and Materials	7,095
Other	13,992
Total Operating Cash Disbursements	149,142
Operating Income (Loss)	21,609
<b><u>Non-Operating Cash Receipts (Disbursements):</u></b>	
Principal Retirement	(12,720)
Interest and Other Fiscal Charges	(2,968)
Total Non-Operating Cash Receipts (Disbursements)	(15,688)
Net Change in Fund Cash Balances	5,921
Fund Cash Balances, January 1	137,764
<b>Fund Cash Balances, December 31</b>	<b>\$143,685</b>

See accompanying notes to the financial statements.

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2020**

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**Note 1 – Reporting Entity**

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

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

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

**Note 2 – Summary of Significant Accounting Policies**

**A. Basis of Presentation**

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

**B. Fund Accounting**

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

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

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

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

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

**Capital Project Funds:** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

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

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2020**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**C. Basis of Accounting**

The Village's financial statements follow the basis of accounting permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**D. Budgetary Process**

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

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

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

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

A summary of 2020 budgetary activity appears in Note 3.

**E. Fund Balances**

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

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

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

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

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2020**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted or committed*. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the General Fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

**Note 3 – Budgetary Basis of Accounting**

The Village’s budgetary activity for the year ending December 31, 2020 was as follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$58,509	\$54,416	(\$4,093)
Special Revenue	22,379	27,839	5,460
Capital Projects	2,889,792	2,520,680	(369,112)
Enterprise	172,158	170,751	(1,407)
<i>Total</i>	\$3,142,838	\$2,773,686	(\$369,152)

2020 Budgeted vs. Actual Budgetary Disbursements			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Disbursements	
General	\$73,171	\$56,254	\$16,917
Special Revenue	35,026	24,018	11,008
Capital Projects	2,819,134	2,532,202	286,932
Enterprise	236,888	164,830	72,058
<i>Total</i>	\$3,164,219	\$2,777,304	\$386,915

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2020**

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**Note 4 – Cash and Investments**

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

	<u>2020</u>
Demand Deposits	<u>\$170,746</u>
Total Deposits	<u>170,746</u>
STAR Ohio	<u>18,367</u>
Total Investments	<u>18,367</u>
Total	<u><u>\$189,113</u></u>

**Deposits**

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

**Investments**

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

**Note 5- Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes area also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. The second half payment is due the following June 20.

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

**Note 6 – Risk Management**

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

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



**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2020**

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**Note 6 – Risk Management** – (Continued)

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2020 and 2019 (the latest information available):

	2020	2019
Casualty & Property Coverage		
Assets	\$57,336,499	\$54,973,597
Liabilities	(16,156,805)	(16,440,940)
Retained Earnings	\$41,179,694	\$38,532,657

The Casualty Coverage assets and retained earnings above include approximately \$11.8 million of unpaid claims to be billed to approximately 538 member governments in the future, as of December 31, 2020. PEP will collect these amounts in future annual contributions billings when PEP'S related liabilities are due for payment.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool’s primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which, like PEP, is administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2020 the Pool retained \$500,000 for casualty claims and \$250,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

Retirement Rates	Year	Member Rate	Employer Rate
OPERS - Local	2020	10%	14%

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefits postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualified benefit recipients. OPERS contribute 1 percent of the employer contribution to fund these benefits.

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2020**

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**Note 9 – Debt**

A schedule of changes in long-term obligations of the Village during 2020 follows:

	Interest Rate	Principal Balance 12-31-19	Issued in 2020	Retired in 2020	Principal Balance 12-31-20
Ohio Water Development Authority 3526	1.50%	\$79,996	\$0	\$5,914	\$74,082
Ohio Water Development Authority 4248	1.50%	121,027	0	6,806	114,221
Ohio Water Development Authority 7994	0.00%	395,340	0	395,340	0
Ohio Water Development Authority 9049	0.00%	0	1,256,646	1,256,646	0
Total		<u>\$596,363</u>	<u>\$1,256,646</u>	<u>\$1,664,706</u>	<u>\$188,303</u>

The Ohio Water Development Authority (OWDA) loan 3526 relate to a water system improvements project The Village will repay the loans semiannual installments of \$3,521, including interest, over 30 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 4248 relate to a water system improvements project The Village will repay the loans semiannual installments of \$4,268, including interest, over 30 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 7994. This loan has been fully paid with OWDA loan 9049.

The Ohio Water Development Authority (OWDA) loan 9049. His loan has not been fully dispersed as of December 31, 2020, and no amortization schedule is available for repayment.

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2020**

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**Note 9 – Debt** – (Continued)

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

	OWDA 3526		OWDA 4248		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$5,952	\$1,090	\$6,848	\$1,689	\$12,800	\$2,779
2022	6,042	1,000	6,950	1,586	12,992	2,586
2023	6,133	909	7,056	1,481	13,189	2,390
2024	6,225	817	7,161	1,375	13,386	2,192
2025	6,319	723	7,269	1,267	13,588	1,990
2026-2030	33,052	2,159	38,022	4,659	71,074	6,818
2031-2035	10,359	156	40,915	1,709	51,274	1,865
2034-2035	0	0	0	0	0	0
Total	<u>\$74,082</u>	<u>\$6,854</u>	<u>\$114,221</u>	<u>\$13,766</u>	<u>\$188,303</u>	<u>\$20,620</u>

**Note 10 – Contingent Liabilities**

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

**Note 11 – Fund Cash Balances**

As of December 31, 2020, fund balances are composed of the following:

	General	Special Revenue	Capital Projects	Total
<i>Restricted:</i>				
Community Development	\$0	\$0	\$15,804	\$15,804
Fire Operations	0	8,375	0	8,375
Parks and Recreation	0	457	0	457
Road Maintenance & Improvement	0	7,916	0	7,916
<i>Unassigned</i>	12,876	0	0	12,876
Total	<u>\$12,876</u>	<u>\$16,748</u>	<u>\$15,804</u>	<u>\$45,428</u>

**Note 12 – 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 2020, the Township did not receive 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.

**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required By *Government Auditing Standards***

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements for each governmental fund type, of the Village of Chesterhill, Morgan County, Ohio (the Village), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements Village of Chesterhill, Morgan County, Ohio (the Village) and have issued our report thereon dated December 21, 2022, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted the financial impact of Covid-19 and the ensuing emergency measures that will impact subsequent periods of the Township.

**Internal Control over Financial Reporting**

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on 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 timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider finding 2021-002, 2021-005 and 2021-006 to be a material weakness and findings 2021-003 and 2021-004 to be significant deficiencies.

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as items 201-001, 2021-002, 2021-005 and 2021-006.

### **Entity's Response to Findings**

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

### **Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*J. L. Uhrig and Associates, Inc.*

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

December 21, 2022

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2021 and 2020**

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

***Finding Number 2021-001***

**Noncompliance**

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

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

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

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

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

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

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

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

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2021 and 2020**

**Finding Number 2021-002**

**Noncompliance and Material Weakness**

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

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

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

**In 2021:**

- General Fund intergovernmental revenue of \$1,727 misposted as property tax and other revenue;
- General Fund property tax revenue of \$3,795 misposted as miscellaneous revenue;
- General Fund intergovernmental revenue of \$14,403 misposted as miscellaneous revenue;
- Special Revenue Funds intergovernmental revenue of \$757 misposted as property tax revenue;
- Capital Projects Fund needed adjustments to record OWDA projects as follows: \$1,256,646 to record principal forgiveness and \$1,176,618 to correct issuance of loans.
- General Fund Federal and State Tax of \$9,156 and \$1,723 were not processed during 2021. This adjustment was corrected with the AOS/LGS adjustments mentioned below.
- The AOS/LGS had other adjustments to correct payments not in UAN as follows: General Fund decreased by \$35,300, Special Revenue decreased by \$312, and Enterprise decreased by \$9,792

**In 2020:**

- General Fund intergovernmental revenue of \$1,786 misposted as property tax revenue;
- General Fund property tax revenue of \$4,997 misposted as miscellaneous revenue;
- Special Revenue Funds intergovernmental revenue of \$759 misposted as property tax and other revenue;
- Capital Projects Fund needed adjustments to record OWDA projects as follows: \$2,743,355 to record principal forgiveness and \$2,646,231 to correct issuance of loans.
- General Fund Federal and State Tax of \$2,441 and \$858 were not processed during 2020. This adjustment was corrected with the AOS/LGS adjustments mentioned in 2021 adjustments.

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

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

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

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2021 and 2020**

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***Finding Number 2021-003***

**Significant Deficiency**

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

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

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

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

***Finding Number 2021-004***

**Significant Deficiency**

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

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

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



**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2021 and 2020**

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***Finding Number 2021-005***

**Noncompliance and Material Weakness**

Federal law, 26 U.S.C 3403, states that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payment.

The Village did withhold the federal income and/or Medicare taxes as required; however, the Village failed to remit the withholdings for fourth quarter of 2020 and the first, second, third, and fourth quarters for 2021; during the audit period.

Failure to remit the withholdings in a timely manner can result in the assessment of interest and penalties which serve no proper public purpose as they could have been avoided had the funds been remitted as required by law.

The Village should remit payments to the Internal Revenue Service in a timely manner.

This matter will be referred to the Internal Revenue Service.

**Officials' Response:** The Village has remitted and correctly recorded the payments in our accounting records during 2022, with the assistance of LGS.

***Finding Number 2021-006***

**Noncompliance and Material Weakness**

Ohio Rev. Code 5747.07 requires an employing government to remit taxes which it withheld pursuant to Ohio Rev. Code 5705.06 (including the state payroll tax) to the appropriate authority. It also requires the employing government to report compensation paid and taxes withheld to the tax commissioner and to each of its own employees by January 31 of each year. The Fiscal Officer did withhold the required state payroll taxes for both 2021 and 2020; however, there is no evidence she paid the first, second, third, or fourth quarter taxes in 2021 or the third and fourth quarters of 2020 in accordance with the applicable schedule prescribed by Ohio Rev. Code 5747.07. Failure to file, pay, and/or report the withholdings could result in liabilities, penalties, and interest levied against the Village.

Failure to remit the withholdings in a timely manner can result in the assessment of interest and penalties which serve no proper public purpose as they could have been avoided had the funds been remitted as required by law.

The fiscal officer should remit payment in accordance with applicable law and/or file the required reports when completing the last payroll of the year to avoid interest and penalties.

This matter will be referred to the Ohio Department of Taxation.

**Officials' Response:** The Village has remitted and correctly recorded the payments in our accounting records during 2022, with the assistance of LGS.

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**

*Schedule of Prior Audit Findings*

*For the Years Ended December 31, 2021 and 2020*

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<b>Finding Number</b>	<b>Description</b>	<b>Status</b>	<b>Comments</b>
<b><i>Government Auditing Standards:</i></b>			
2019-001	A noncompliance citation of Ohio Rev. Code 1347.05 for a formal policy defining personal information.	Not Corrected	Reissued as Finding 2021-001
2019-002	A material weakness and noncompliance citation of Ohio Admin. Code 117-2-02(A) audit adjustments.	Not Corrected	Reissued as Finding 2021-002
2019-003	A significant deficiency for not adopting a vehicle and equipment use policy.	Not Corrected	Reissued as Finding 2021-003
2019-004	A significant deficiency for not adopting a travel reimbursement policy.	Not Corrected	Reissued as Finding 2021-004

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF CHESTERHILL**

**MORGAN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/7/2023**

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](http://www.ohioauditor.gov)