



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF CHESAPEAKE  
LAWRENCE COUNTY  
DECEMBER 31, 2024 AND 2023**

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# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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## REPORT ON THE FINANCIAL STATEMENTS, INTERNAL CONTROL, AND COMPLIANCE

Village of Chesapeake  
Lawrence County  
PO Box 388  
211 Third Avenue  
Chesapeake, Ohio 45619

To the Village Council:

We have selectively tested certain accounts, financial records, reports and other documentation of the Village of Chesapeake, Lawrence County, (the Village), as of and for the years ended December 31, 2024 and 2023. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

### ***Internal Control Over Financial Reporting***

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2024-001, 2024-002, 2024-004, 2024-006, 2024-015 through 2024-026 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

### ***Compliance and Other Matters***

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Village, noncompliance with which could affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could affect the determination of financial statement amounts that we reported in the Schedule of Findings as item 2024-001 through 2024-014.

### ***Village's Responses to Findings***

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

Village of Chesapeake  
Lawrence County  
Report on the Financial Statements, Internal Control, and Compliance  
Page 2

KEITH FABER  
Ohio Auditor of State

A handwritten signature in black ink, reading "Tiffany L Ridenbaugh". The signature is written in a cursive style with a large, stylized "T" and "R".

Tiffany L Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

February 2, 2026

**Village of Chesapeake, Ohio***Lawrence County**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2024*

	General	Special Revenue	Combined Total
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$60,344	\$33,682	\$94,026
Intergovernmental	31,094	153,229	184,323
Charges for Services		80	80
Licenses, Permits, and Fees	9,344		9,344
Fines, Forfeitures and Settlements	147,748	1,836	149,584
Earnings on Investments	118	60	178
Miscellaneous	11,908	34,614	46,522
<i>Total Cash Receipts</i>	<u>260,556</u>	<u>223,501</u>	<u>484,057</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	117,083	70,219	187,302
Public Health Services	200		200
Leisure Time Activities		207	207
Transportation		81,945	81,945
General Government	122,612	416	123,028
Capital Outlay	3,000	76,145	79,145
Debt Service:			
Principal Retirement	23,445	5,937	29,382
Interest and Fiscal Charges	1,650	329	1,979
<i>Total Cash Disbursements</i>	<u>267,990</u>	<u>235,198</u>	<u>503,188</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,434)</u>	<u>(11,697)</u>	<u>(19,131)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Capital Assets	5,826		5,826
<i>Total Other Financing Receipts (Disbursements)</i>	<u>5,826</u>	<u>0</u>	<u>5,826</u>
<i>Net Change in Fund Cash Balances</i>	(1,608)	(11,697)	(13,305)
<i>Fund Cash Balances, January 1</i>	<u>(47,563)</u>	<u>218,678</u>	<u>171,115</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$49,171)</u></u>	<u><u>\$206,981</u></u>	<u><u>\$157,810</u></u>

*See accompanying notes to the basic financial statements*

**Village of Chesapeake, Ohio***Lawrence County**Combined Statement of Additions, Deductions**and Changes in Fund Balances (Regulatory Cash Basis)**All Fiduciary Fund Types**For the Year Ended December 31, 2024*

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	Private Purpose Trust	Mayor's Court
<b>Additions</b>		
Fines, Licenses and Permits for Distribution	\$1	\$188,013
<i>Total Additions</i>	1	188,013
<b>Deductions</b>		
Distributions to Other Governments		188,213
<i>Total Deductions</i>	0	188,213
<i>Net Change in Fund Balances</i>	1	(200)
<i>Fund Cash Balances, January 1</i>	1,000	465
<i>Fund Cash Balances, December 31</i>	\$1,001	\$265

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*See accompanying notes to the basic financial statements*



**Village of Chesapeake, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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**Note 1 – Reporting Entity**

The Village of Chesapeake (the Village), Lawrence 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 park operations, police services, and fire protection services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village participates in Public Entities Pool of Ohio. Note 6 to the financial statements provides additional information for this entity.

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 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 Fund*** This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

***Fire Fund*** This Fund receives property taxes to help support fire protection services in 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 Chesapeake, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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The Village's private purpose trust fund is for the benefit of Columbia Gas and the Village of Chesapeake.

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 Fines and Forfeitures.

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 Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the 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 2024 budgetary activity appears in Note 3.

***Deposits***

The Village has one primary interest bearing checking account and no investments.

**Village of Chesapeake, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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***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***

Village employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Leases***

The Village is the lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

***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

**Village of Chesapeake, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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 11.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2024 follows:

2024 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$322,738	\$266,382	(\$56,356)
Special Revenue	206,813	223,501	16,688
Total	<u>\$529,551</u>	<u>\$489,883</u>	<u>(\$39,668)</u>

2024 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$323,158	\$275,182	\$47,976
Special Revenue	313,927	241,866	72,061
Total	<u>\$637,085</u>	<u>\$517,048</u>	<u>\$120,037</u>

**Note 4 – 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 and investment accounts are as follows:

<i><b>Cash Management Pool:</b></i>	<u>2024</u>
Demand deposits	\$159,076

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, 2024, the village is holding \$0 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

**Village of Chesapeake, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – 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.

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**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2024</u>
Cash and investments	\$ 48,150,572

**Village of Chesapeake, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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Actuarial liabilities	\$ 22,652,556
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**Note 7 – 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, 2024.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**Note 9 – Debt**

Debt outstanding at December 31, 2024 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC - CU05I	\$10,000	0.00%
OPWC - CT54K	\$3,813	0.00%
Lease Purchase for Police Vehicles (2020)	\$7,123	3.93%
Lease Purchase for Police Vehicles and Truck (2021)	\$9,508	4.95%
Total	<u>\$30,444</u>	

OPWC Loan CU05I was for repair of a landslide and is payable in semi-annual installments of \$1,250 over a period of 20 years. OPWC loan CT54K was also for the repair of a landslide and is payable in semi-annual installments of \$381 over a period of 20 years. These loans originated in 2008.

The Village entered into a lease purchase agreement in 2020 for the purchase of police vehicles.

**Village of Chesapeake, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

The Village entered into a lease purchase agreement in 2021 for the purchase of police vehicles, radios, and a truck.

***Amortization***

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

Year Ending December 31:	OPWC - CU05I	OPWC - CT54K	Police Vehicle Lease Purchase (2020)	Lease Purchase (2021)
2025	2,500	762	7,523	9,790
2026	2,500	762		
2027	2,500	762		
2028	2,500	762		
2029		765		
Total	<u>\$10,000</u>	<u>\$3,813</u>	<u>\$7,523</u>	<u>\$9,790</u>

**Note 10 – Contingent Liabilities**

The Village is the defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. 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 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 balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	<u>7,192</u>	<u>6,668</u>	<u>13,860</u>

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. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted,

**Village of Chesapeake, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2024*

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committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 12 – Noncompliance**

At December 31, 2024, the Motor Vehicle License Fund had a deficit fund balance of \$4,854 and the General Fund had a deficit fund balance of \$45,148. This is noncompliant with Ohio Revised Code Section 5705.10(I).



**Village of Chesapeake, Ohio**  
*Lawrence County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2023*

	General	Special Revenue	Combined Total
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$55,911	\$39,952	\$95,863
Intergovernmental	32,189	74,615	106,804
Charges for Services		20	20
Fines, Licenses and Permits	114,904	933	115,837
Earnings on Investments	235	59	294
Miscellaneous	1,036	500	1,536
<i>Total Cash Receipts</i>	<u>204,275</u>	<u>116,079</u>	<u>320,354</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	132,537	28,361	160,898
Leisure Time Activities		180	180
Transportation		64,757	64,757
General Government	158,632	3,119	161,751
Capital Outlay	958	1,895	2,853
Debt Service:			
Principal Retirement	21,537	5,634	27,171
Interest and Fiscal Charges	3,557	632	4,189
<i>Total Cash Disbursements</i>	<u>317,221</u>	<u>104,578</u>	<u>421,799</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(112,946)</u>	<u>11,501</u>	<u>(101,445)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In		26,021	26,021
Transfers Out	(26,021)		(26,021)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(26,021)</u>	<u>26,021</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(138,967)</u>	<u>37,522</u>	<u>(101,445)</u>
<i>Fund Cash Balances, January 1</i>	<u>91,404</u>	<u>181,156</u>	<u>272,560</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$47,563)</u></u>	<u><u>\$218,678</u></u>	<u><u>\$171,115</u></u>

*See accompanying notes to the basic financial statements*

**Village of Chesapeake, Ohio**

*Lawrence County*

*Combined Statement of Additions, Deductions*

*and Changes in Fund Balances (Regulatory Cash Basis)*

*All Fiduciary Fund Types*

*For the Year Ended December 31, 2023*

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	Private Purpose Trust	Mayor's Court
<b>Additions</b>		
Fines, Licenses and Permits for Distribution		\$116,081
<i>Total Additions</i>	0	116,081
<b>Deductions</b>		
Distributions to Other Governments		115,616
<i>Total Deductions</i>	0	115,616
<i>Net Change in Fund Balances</i>	0	465
<i>Fund Cash Balances, January 1</i>	1,000	0
<i>Fund Cash Balances, December 31</i>	\$1,000	\$465

*See accompanying notes to the basic financial statements*

**Village of Chesapeake, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 1 – Reporting Entity**

The Village of Chesapeake (the Village), Lawrence 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 park operations, police services, and fire protection services.

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

***Basis of Presentation***

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

***American Rescue Plan Act (ARPA) Grant Fund*** This Fund is used to account for grant funds used to assist the Village for revenue loss.

***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 Chesapeake, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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The Village's private purpose trust fund is for the benefit of Columbia Gas and the Village of Chesapeake.

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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.

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***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 2023 budgetary activity appears in Note 3.

***Deposits***

The Village has one primary interest bearing checking account and no investments.

**Village of Chesapeake, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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***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***

Village employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Leases***

The Village is the lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

***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

**Village of Chesapeake, Ohio**  
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*For the Year Ended December 31, 2023*

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 11.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$334,100	\$204,275	(\$129,825)
Special Revenue	184,171	142,100	(42,071)
Total	<u>\$518,271</u>	<u>\$346,375</u>	<u>(\$171,896)</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$404,040	\$370,773	\$33,267
Special Revenue	144,471	109,059	35,412
Total	<u>\$548,511</u>	<u>\$479,832</u>	<u>\$68,679</u>

**Note 4 – 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 and investment accounts are as follows:

<b><i>Cash Management Pool:</i></b>	<u>2023</u>
Demand deposits	\$172,580

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, 2023, the village is holding \$0 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

**Village of Chesapeake, Ohio**  
*Lawrence County*  
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and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – 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.

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**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2023</u>
Cash and investments	\$ 43,996,442
Actuarial liabilities	\$ 19,743,401

**Village of Chesapeake, Ohio**  
*Lawrence County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 7 – 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, 2023.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**Note 9 – Debt**

Debt outstanding at December 31, 2023 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC - CU05I	\$12,500	0.00%
OPWC - CT54K	\$4,576	0.00%
Lease Purchase for Police Vehicles (2020)	\$21,614	3.93%
Lease Purchase for Police Vehicles and Truck (2021)	\$21,136	4.95%
Total	<u>\$59,826</u>	

OPWC Loan CU05I was for repair of a landslide and is payable in semi-annual installments of \$1,250 over a period of 20 years. OPWC loan CT54K was also for the repair of a landslide and is payable in semi-annual installments of \$381 over a period of 20 years. These loans originated in 2008.

The Village entered into a lease purchase agreement in 2020 for the purchase of police vehicles.

The Village entered into a lease purchase agreement in 2021 for the purchase of police vehicles, radios, and a truck.



**Village of Chesapeake, Ohio**  
*Lawrence County*  
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*For the Year Ended December 31, 2023*

***Amortization***

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

Year Ending December 31:	OPWC - CU05I	OPWC - CT54K	Police Vehicle Lease Purchase (2020)	Lease Purchase (2021)
2024	2,500	762	16,299	13,053
2025	2,500	762	6,269	9,790
2026	2,500	762		
2027	2,500	762		
2028	2,500	762		
2028-2032		766		
Total	\$12,500	\$4,576	\$22,568	\$22,843

**Note 10 – Contingent Liabilities**

The Village is the defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. 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 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 balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	27,531	4,481	32,012

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. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

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**VILLAGE OF CHESAPEAKE  
LAWERNCES COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2024 AND 2023**

**FINDING NUMBER 2024-001**

**Internal Control Deficiency/Noncompliance - Ohio Rev. Code § 9.38**

**Ohio Rev. Code § 9.38** provides in part, all public monies received shall be deposited with the treasurer of the public office or designated depository on the business day next following the day of receipt, if the total amount of such monies received exceeds \$1,000. If the total amount of public moneys so received does not exceed \$1,000, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public monies until they are deposited.

To date the Village has not approved a policy to extend the time between collection and deposit beyond one business day.

In 2024, 20 percent (20%) or 9 of 44, Mayor's Court receipts tested, totaling \$1,940 were not deposited with the designated depository for a period ranging from two to seven business days after initial receipt of monies.

In 2023, 24 percent (24%) or 11 of 45, Mayor's Court receipts tested, totaling \$2,475 were not deposited with the designated depository for a period ranging from two to four business days after initial receipt of the monies.

Delays of this nature resulting from deficiencies in internal control procedures could cause receipts to be lost, misplaced, or stolen without being detected in a timely manner.

The Village should draft, approve, and implement policies and procedures to help ensure timely depositing of public monies in accordance with Ohio Rev. Code § 9.38.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-002**

**Internal Control Deficiency/Noncompliance - Ohio Rev. Code § 733.40**

**Ohio Rev. Code § 733.40** requires that all fines, forfeitures, and costs in ordinance cases and all fees that are collected by the mayor, that in any manner come into the mayor's hands, or that are due to the mayor, or a marshal, chief of police, or other officer of the municipal corporation, any other fees and expense that have been advanced out of the treasury of the municipal corporation, and all money received by the mayor for the use of the municipal corporation shall be paid by the mayor into the treasury of the municipal corporation on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the treasury.

The Village Mayor's Court Clerk did not remit monies collected to the Village by the first Monday of each month for the following:

- December 2022 collections were not remitted until January 3, 2023.
- January 2023 collections were not remitted until February 7, 2023.

**FINDING NUMBER 2024-002**  
**(Continued)**

In addition, a full statement of all money received, from whom and for what purpose received, and when paid into the treasury were not presented to Village Council at the first regular meeting of each month.

Failure to present a full statement of Mayor's Court activity to Council at the first regular meeting each month could result in errors and/or irregularities to occur and remain undetected for an extended period of time. Further, failure to remit money collected timely could also result in errors and/or irregularities to occur and remain undetected for an extended period of time.

The Mayor's Court Clerk should submit Mayor's Court monies due to the Village by the first Monday of each month and submit the full statement of all money received to Village Council at the first regular meeting each month.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-003**

**Noncompliance - Ohio Rev. Code § 1905.08**

**Ohio Rev. Code § 1905.08** provides, in part, that the chief of police, other police officer, or marshal shall execute and return all writs and process directed to him by the mayor. . . In serving such writs and process and taxing costs on them, the chief of police, other police officer, or marshal shall be governed by the laws pertaining to constables. The fees of the mayor are the same as those allowed in the municipal or county court within whose jurisdiction the municipal corporation is located. There shall be allowed and taxed for services of the chief of police, other police officer, or marshal, the same fees and expense as those allowed constables.

**Ohio Rev. Code § 509.15** states the following fees and expenses shall be taxed as costs, collected from the judgment debtor, and paid to the general fund of the appropriate township or district as compensation due for services rendered by township constables or members of the police force of a township police district or joint police district:

(A) Serving and making return of each of the following:

- (1) Order to commit to jail, order on jailer for prisoner, or order of ejectment, including copies to complete service, one dollar for each defendant named therein;
- (2) Search warrant or warrant of arrest, for each person named in the writ, five dollars;
- (3) Writ of attachment of property, except for purpose of garnishment, twenty dollars;
- (4) Writ of attachment for the purpose of garnishment, five dollars;
- (5) Writ of possession or restitution, twenty dollars;
- (6) Attachment for contempt, for each person named in the writ, three dollars;
- (7) Writ of replevin, twenty dollars;
- (8) Summons and writs, subpoena, summons of jurors, and notice to garnishee, including copies to complete service, three dollars for each person named therein;

**FINDING NUMBER 2024-003**  
**(Continued)**

- (9) Execution against property or person, eighty cents, and six per cent of all money thus collected;
- (10) Any other writ, order, or notice required by law, for each person named therein, including copies to complete service, three dollars for the first name and fifty cents for each additional name.
- (B) Mileage for the distance actually and necessarily traveled in serving and returning any of the preceding writs, orders, and notices, fifty cents for the first mile and for each additional mile, twenty cents;
- (C) For attending a criminal case during the trial or hearing and having charge of prisoners, each case, two dollars and fifty cents, but, when so acting, such constable shall not be entitled to a witness fee if called upon to testify;
- (D) For attending civil court during a jury trial, each case, two dollars;
- (E) For attending civil court during a trial without jury, each case, one dollar and fifty cents;
- (F) The actual amount paid solely for the transportation, meals, and lodging of prisoners, and for the moving and storage of goods and the care of animals taken on any legal process, such expense shall be specifically itemized on the back of the writs and sworn to;
- (G) For summoning and swearing appraisers, each case, two dollars;
- (H) For advertising property for sale, by posting, taken on any legal process, one dollar;
- (I) For taking and making return of any bond required by law, eighty cents.

Notwithstanding anything to the contrary in this section, if any comparable fee or expense specified under section 311.17 of the Revised Code is increased to an amount greater than that set forth in this section, the board of township trustees, board of trustees of the township police district, or joint police district board, as appropriate, may require that the amount taxed as costs under this section equal the amount specified under section 311.17 of the Revised Code.

During our review, it was identified that the Village was charging defendants a \$65 warrant fee which is higher than the \$5 allowed to be collected. We obtained an ordinance (2016-09) establishing various fees allowed to be charged on Mayor's Court cases and documented a \$50 fee for warrant issuance and \$75 fee for warrant service. The Village was charging a fee higher than the \$5 which is the allowable amount to be collected. Failure to charge the allowable fee could result in a finding for recovery.

The Village should revise their fines and fees scheduled to be in agreement with the Ohio Revised Code.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-004**

**Internal Control Deficiency/Noncompliance - Ohio Rev. Code § 5705.41(D)(1)**

**Ohio Rev. Code § 5705.41(D)(1)** provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made 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 encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer'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.

1. "Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Council can authorize the drawing of a warrant for the payment of the amount due. The Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions or taxing units 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 Village.

2. Blanket Certificate – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal 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 Council 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, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, one of the two (50%) transactions tested in the amount of \$1,631 for unrecorded encumbrances at December 31, 2023 were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Due to deficiencies in internal controls, one of the four (25%) transactions tested in the amount of \$3,060 for unrecorded encumbrances at December 31, 2024 were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2024-004**  
**(Continued)**

The Village did utilize regular blanket purchase orders; however, there was no resolution in place setting the amount permitted by Council.

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 help ensure 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 the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

Village Council should also establish a maximum amount that blankets may be created for. This should be set by resolution or ordinance and then the Village Fiscal Officer should utilize this guidance when creating blanket purchase orders.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-005**

**Noncompliance - Ohio Rev. Code § 5705.10(I)**

**Ohio Rev. Code § 5705.10(I)** requires that money paid into any fund shall be used only for the purposes for which such fund is established. Therefore, a negative fund cash balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

Due to the lack of controls over fund balance monitoring, in the UAN system, at December 31, 2024, the General Fund had a deficit fund balance of \$45,148 and the Motor Vehicle License Fund had a deficit fund balance of \$4,854.

In addition to this, after audit adjustments were posted to the financial statements, the following negative funds were noted:

At December 31, 2023, General Fund had a negative fund balance of \$47,563.

At December 31, 2023, Motor Vehicle License Fund had a negative fund balance of \$4,816.

At December 31, 2024, General Fund had a negative fund balance of \$49,171.

At December 31, 2024, Motor Vehicle License Fund had a negative fund balance of \$4,854.

Negative fund balances could result in the use of restricted receipts for unallowable purposes.

A procedure and/or control, such as the Management or Council's periodic review of reports that show cash fund balances, and budgeted versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance. Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The Village should refer to Ohio Compliance Supplement (OCS) Chapter 1 and/or Auditor of State Bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

**FINDING NUMBER 2024-004**  
**(Continued)**

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-006**

**Internal Control Deficiency/Noncompliance - Ohio Rev. Code § 5705.10(D)**

**Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

- In 2023, the Village inappropriately recorded \$933 of Fines, Licenses, and Permits Revenues in the General Fund. Given the source of the revenue, this should have been recorded in the Court Computer Fund.
- In 2023, the Village inappropriately recorded \$7,448 of Intergovernmental Revenue in the General Fund. Given the source of the revenue, this should have been recorded in the ARPA-NEU Grant Fund.
- In 2023, the Village inappropriately recorded \$552 of Intergovernmental Revenue in the Permissive Motor Vehicle Sales Tax Fund. Given the source of the revenue, this should have been recorded in the Street Construction Maintenance and Repair Fund.
- In 2023, the Village inappropriately recorded \$29 of Intergovernmental Revenue in the Street Construction Maintenance and Repair Fund. Given the source of the revenue, this should have been recorded in the State Highway Fund.
- In 2024, the Village inappropriately recorded \$1,836 of Fines, Forfeitures and Settlements in the General Fund. Given the source of the revenue, this should have been recorded in the Court Computer Fund.
- In 2024, the Village inappropriately recorded \$9,977 of Intergovernmental Revenue in the General Fund. Given the source of the revenue, this should have been recorded in the Police Grant Fund.

Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities.

The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

**Officials' Response:**

We will strive to correct this in the future.



**FINDING NUMBER 2024-007**

**Noncompliance - Ohio Rev. Code §§ 145.01, 145.03, 145.402, 145.47, 145.48, and Ohio Admin. Code 145-1-26**

**Ohio Rev. Code §§ 145.01, 145.03, 145.402, 145.47, 145.48, and Ohio Admin. Code 145-1-26** address Ohio Public Employees Retirement System (PERS), definitions, exclusions, exemptions and rates of contributions.

These sections cover various requirements for governments to enroll employees in the appropriate retirement system, and to withhold from the employees' wages, or pay on behalf of the employees, a certain percentage of earned wages as defined and to pay over to the appropriate system the amounts withheld, matched with an appropriate percentage of employer matching contributions.

PERS withholdings should be computed on earnable (i.e. usually gross) salary, that is computed on gross pay before deducting medical, dental, vision, and flexible spending (Ohio Rev. Code § 145.47, and Ohio Admin. Code 145-1-26).

The Village did withhold retirement correctly from employees' gross wages. However, they did not always remit these withholdings timely to the retirement system. This resulted in late fees, interest, and penalties of \$127 in 2023 and \$380 in 2024.

The Village Fiscal Officer should remit both employee and employer withholdings as required by the retirement system on a timely basis.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-008**

**Noncompliance - Ohio Admin. Code 113-40-01 (M)**

**Ohio Admin. Code 113-40-01 (M)** states: "Operating policies" means the set of operational procedures, policies, and requirements for the use of OPCS. All participation in OPCS and use of OPCS shall be subject to the operating policies, which are maintained at the sole discretion of the treasurer of state. The operating policies are available at <https://opcs.ohio.gov/login#/registrationforms>.

Page 24 of those operating policies indicates: "PUs (Public Units or governments) are responsible for reviewing the reports posted on OPCS for their public funds deposits and for verifying the accuracy of their specific deposit details. PUs are responsible to report any deposit account discrepancies to their FIs (Financial Institutions). Additionally, PUs are to proactively inform their FIs of a significant change to the amount of their deposits within a reasonable timeframe. FIs may notify the Treasurer's Office if a PU repeatedly fails to inform them of a significant change in their deposit amount."

The required attestation was not completed during the audit period by the Village.

The Village Fiscal Officer should review the OPCS and complete the required attestations as needed.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-009**

**Noncompliance - Ohio Rev. Code § 135.22(B)**

**Ohio Rev. Code § 135.22(B)** states that to enhance the background and working knowledge of treasurers in investments, cash management, ethics, and in any other subject area that the treasurer of state determines is reasonably related to the duties of a treasurer, the treasurer of state shall provide annual continuing education programs for treasurers. A treasurer annually shall complete the continuing education programs described, unless the treasurer annually provides a notice of exemption.

The Fiscal Officer did not attend the required annual continuing education programs or provide a notice of exemption described in division (E) of this section.

In order to maintain and/or enhance the working knowledge and prevent future occurrences of noncompliance, the Fiscal Officer shall attend the annual training or complete an annual exemption and submit to the Auditor of State's office.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-010**

**Noncompliance - Ohio Rev. Code § 733.81(C)**

**Ohio Rev. Code § 733.81(C)** states that a newly elected or appointed fiscal officer shall complete at least six hours of initial education programs before commencing, or during the first year of office. An additional eighteen hours of continuing education must be completed during the fiscal officer's first term. Twelve hours of training shall be completed for each subsequent term.

The Village Fiscal Officer did not complete the required initial education programs before commencing the first year of office for 2024.

Failure to obtain the required continuing education may result in a lack of understanding of reporting and compliance issues relevant to the Village.

The Village Fiscal Officer should obtain the required continuing education.

**Officials' Response:**

We will strive to correct this in the future.

#### **FINDING NUMBER 2024-011**

##### **Noncompliance - Ohio Rev. Code § 117.103(B)(1)**

**Ohio Rev. Code § 117.103(B)** requires the Auditor of State to create training material detailing Ohio's fraud-reporting system and the means of reporting fraud, waste, and abuse. The Auditor of State must also provide the material to employees and elected officials of political subdivisions. Current employees and elected officials must complete the training within the prescribed timeframe specified by the Auditor of State, unless good cause exists for noncompliance. Each new employee or elected official must confirm receipt of this material within thirty days after taking office or beginning employment, and the training must be completed every four years. The Auditor of State shall provide a model form on the Auditor of State's web site to be printed and used by public employees and elected officials to sign and verify their receipt of material as required by this section. The Auditor of State shall confirm, when conducting an audit under section 117.11 of the Revised Code, that public employees and elected officials have been provided material as required by this division.

The Village lacked a formal process to distribute and track completion of the fraud reporting training material in accordance with the requirements of ORC § 117.103(B). For 2024 and 2023, the Village did not ensure that all current employees and elected officials completed the required fraud-reporting training or that new employees and officials confirmed receipt of the training material within thirty days of employment or taking office. Failure to provide and document completion of the required training increases the risk that employees or officials may be unaware of appropriate methods for reporting suspected fraud, waste, or abuse, potentially leading to instances of unreported fraud.

The Village should implement procedures to ensure all current employees and elected officials complete the Auditor of State's fraud-reporting training within the required timeframe and that new employees and officials confirm receipt within thirty days of employment or taking office. The procedures should also ensure that the training is subsequently completed every four years by employees and elected officials. The Village should also maintain documentation verifying completion of the training and receipt of materials, consistent with the model form provided by the Auditor of State.

##### **Officials' Response:**

We will strive to correct this in the future.

#### **FINDING NUMBER 2024-012**

##### **Noncompliance - Ohio Rev. Code § 149.39**

**Ohio Rev. Code § 149.39** provides, in part, that each municipal corporation create a records commission composed of the chief executive or the chief executive's appointed representative, as chairperson, and the chief fiscal officer, the chief legal officer, and a citizen appointed by the chief executive. The commission shall appoint a secretary, who may or may not be a member of the commission and who shall serve at the pleasure of the commission. The commission may employ an archivist or records manager to serve under its direction. The commission shall meet at least once every six months and upon the call of the chairperson. The functions of the commission shall be to provide rules for retention and disposal of records of the municipal corporation, and to review applications for one-time disposal of obsolete records and schedules of records retention and disposition submitted by municipal offices. The commission may dispose of records pursuant to the procedure outlined in section 149.381 of the Revised Code. The commission, at any time, may review any schedule it has previously approved and, for good cause shown, may revise that schedule under the procedure outlined in that section. **Ohio Rev. Code § 149.43(B)(2)** provides, in part, that a public office also shall have available a copy of its current records retention schedule at a location readily available to the public.

**FINDING NUMBER 2024-012**  
**(Continued)**

The Village did not have an approved Records Retention Schedule, and its records commission did not meet at least once every six months. This could result in the Village being non-compliant with Public Records Laws and public records could be improperly maintained or destroyed as a result of the deficiencies.

The Village should adopt a records retention schedule and ensure its records commission meets at least once every six months in compliance with Ohio Revised Code requirements and ensure the retention schedule is made readily available to the public.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-013**

**Noncompliance - Ohio Rev. Code § 149.43(E)(2)**

**Ohio Rev. Code § 149.43(E)(2)** requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy.

The Village has established the required public records policy; however, the Village has not appointed a records custodian/manager. This matter occurred due to deficiencies in the Village's internal controls over compliance. Failure to appoint a records custodian/manager could result in public records requests not being fulfilled in accordance with Ohio law.

The Village should establish a records custodian/manager. The public records policy should be distributed to the records custodian/manager and the Village should have written acknowledgement of receipt from the records custodian/manager.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-014**

**Noncompliance - Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1)**

**Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1)** require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records and Open Meetings Laws during each term of office. The training received must be certified by the Ohio Attorney General.

All (100%) of the Village's elected officials with terms ending in 2023 and 2024 did not, during their term of office, attend a required Certified Public Records Training or have an appropriate designee attend a training, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

The elected officials, or their designee, should, during their term of office, attend public records training and maintain proof of completion of the training.

**FINDING NUMBER 2024-014  
(Continued)**

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-015**

**Internal Control Deficiency – Baldwin Group - No SOC 1 Report**

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition.

The Village uses Baldwin Group for their Mayor's Court Software associated with the Mayor's Court Collections. This also is a significant accounting function. The Village has not established procedures to determine whether the service organization has sufficient controls in place and operating effectively to reasonably assure that mayor's court tickets charged and processed in accordance with the contract. Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations. An unmodified SOC 1 Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of the Design and Operating Effectiveness of Controls in accordance with AT-C 320 should provide the Village with reasonable assurance that the mayor's court transactions conform to the contract.

Failing to ensure adequate controls are in place and operating effectively could result in errors occurring without detection.

The Village should require a Type 2 SOC 1 report in its contract with the service providers and should review the SOC 1 reports timely. The reports should follow the American Institute of Certified Public Accountants' Attestation Standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-016**

**Internal Control Deficiency – Fraud Risk Assessment Questionnaire**

Auditing standards from the American Institute of Public Accountants (AICPA) outlined in AU-C 240, Consideration of Fraud in a Financial Statement Audit, discuss the responsibility for the prevention and detection of fraud, which lies with the Village's management and those charged with governance. AU-C 240.04 further indicates, "It is important that management, with the oversight of those charged with governance, places a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behavior, which can be reinforced by active oversight by those charged with governance." Additionally, as communicated in the engagement letter, management and those charged with governance are not only responsible to design and implement programs and controls to prevent and detect fraud, but also to report to us fraud of which they are aware.

**FINDING NUMBER 2024-016  
(Continued)**

Due to an insufficient Fraud Risk Assessment Questionnaire response from the Mayor and two of the Village Council Members and the lack of related assurances, an additional fraud risk exists at the Village. In order to mitigate the fraud risks identified above, Village officials should gain an understanding of the Village's programs, policies or controls so they may actively engage in the Village's fraud risk assessment process. Village officials should also attend training on governmental fraud risks and on internal control operations that help mitigate fraud risks.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-017**

**Internal Control Deficiency – Cash Reconciliation Process Errors**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Council and/or other administrator is responsible for reviewing the reconciliations and related support. Monthly bank to book reconciliations were prepared by the Fiscal Officer with errors and unreconciled differences. There was no indication of review of the bank reconciliations.

Due to a lack of controls over the bank reconciliation process, the following errors were noted:

The December 31, 2023 reconciliation presented for audit indicated insufficient internal controls over account reconciliations and lack of accurate and timely reconciliations. The reconciliation presented by the Fiscal Officer for audit showed Other Adjusting Factors of (\$30,450); this amount was carried over from 2020, 2021, and 2022. However, auditors were able to identify errors as items not posted correctly to the accounting system. Adjustments to the financial statements were made to correct the items noted above. In addition, the December 31, 2024 reconciliation showed an outstanding electronic payment of \$766.68 to the Treasurer of State dated December 3, 2020, which does not appear to be a valid outstanding item.

Failure to accurately and timely reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Village should establish and implement control procedures over the bank reconciliation process. The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which should include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

**Officials' Response:**

We will strive to correct this in the future.

#### **FINDING NUMBER 2024-018**

##### **Internal Control Deficiency – Mayor's Court Reconciliation**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of Mayor's Court cash (bank) balances to Mayor's Court system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Mayor's Court Clerk and Police Chief are responsible for reconciling the book balance to the total bank balance on a monthly basis and remitting monies to the appropriate agencies timely. The Council, Mayor, and Fiscal Officer are responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared timely, correctly or reviewed during the audit period. Failure to reconcile monthly increases the possibility that the Mayor's Court will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to remit monies to all agencies each month. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting on the financial statements.

We noted the following unaccounted-for amounts at the end of each year for the Court accounts:

December 31, 2023 - \$855

December 31, 2024 - \$2,260

The Mayor's Court Clerk should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all balances. Any variances should be investigated, documented and corrected. In addition, the Council, Mayor, and Fiscal Officer should review the monthly reconciliation including the related support and document reviews. The Village Court should ensure that all monies are remitted to the appropriate agencies in a timely manner.

##### **Officials' Response:**

We will strive to correct this in the future.

#### **FINDING NUMBER 2024-019**

##### **Internal Control Deficiency – Computer System Controls**

Adequate plans should exist for the recovery of critical computer resources following an event that disrupts data processing services for an extended period of time.

During the audit period, the Village used UAN for its accounting system. It also used Baldwin for its Mayor's Court computer system.

The Village did not have a documented disaster recovery plan in place over any of these systems. In addition to this, the Village did not keep UAN backups off-site so that if something happened to the building a back-up would still be available.

Without proper planning and back up of source data, the delay in recovering critical computer resources may be longer than otherwise necessary.

**FINDING NUMBER 2024-019**  
**(Continued)**

The Village should develop a Disaster Recovery Plan for their accounting and mayor's court computer system.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-020**

**Internal Control Deficiency – Segregation of Duties**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that all transactions are properly authorized in accordance with management's policies, ensuring accounting records are properly designed, planning for adequate segregation of duties or compensating controls, verifying the existence and valuation of fund balance and periodically reconciling them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

Due to a small staff, the Village Fiscal Officer receives payments to the Village, prepares Village deposits, records receipt (deposit) information into the Village accounting system, transports the Village bank deposits to the designated depository, and reconciles the Village accounting system to the bank statement monthly. The Village Fiscal Officer also receives Village bills, writes and signs checks, mails all payments, and handles all payroll information.

A lack of segregation of duties increases the risk that errors, theft, or fraud could occur and not be detected in a timely manner.

Village Council should take an active role in the operations of the Village, including review of monthly reconciliations, budget versus actual reports, and review of receipt and disbursement ledgers. Implementation of these procedures may help strengthen internal controls over the entire financial reporting cycle and help create a culture of accountability and assist in protecting the Village from unnecessary loss and errors.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-021**

**Internal Control Deficiency – Budget vs. Actual Report**

Sound internal control policies require management and the Village Council to monitor the financial activity and condition of the Village. To provide better monitoring of fund balances and financial activity of the Village, Village Council should be provided with monthly budget versus actual reports for their review and approval. This allows Council to make informed decisions regarding budgetary matters.

Village Council was not provided with monthly budget versus actual reports. This could result in an inability of the Village Council to monitor budgetary activity of the Village.

Village Council should be given accurate monthly budget versus actual reports for their reviewing purposes.



**FINDING NUMBER 2024-021  
(Continued)**

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-022**

**Internal Control Deficiency – Off Site Back Ups**

All computer backups should be locked in a secure location that protects the backups from physical and environmental damage. These backups should be stored in a secure, off-site location. The off-site location should be a sufficient distance from the computer system to ensure physical and environmental safety of the backups during a disaster.

The Village did maintain back ups but kept them in the Police Station which is part of the Village Hall. This would not keep them physically secure if there was environmental damage to the Village Hall. In such an event, there would be a risk of loss of the computers along with their back ups.

The Village should maintain all computer back ups in a locked secure off site location that protects the back ups from physical and environmental damage.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-023**

**Internal Control Deficiency – Sound Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to deficiencies in internal control related to financial reporting, the Village misclassified various line items in the annual financial report submitted to the Auditor of State for fiscal years 2024 and 2023.

Some of these errors were not material and as such, are not listed below and were not adjusted on the financial statements. The amounts of these errors ranged from approximately \$29 to \$9,106. However, due to the same control deficiencies, the following misstatements occurred and as approved by management were adjusted on the financial statements:

As of December 31, 2024:

- The Village misposted a reimbursement to the General Fund for revenue loss related to COVID-19 Funding. As a result, Miscellaneous Revenues and Security of Persons and Property Disbursements were overstated by \$17,121.
- ARPA-NEU Grant Fund Security of Persons and Property expenditures of \$17,121 was posted as Transportation instead of Security of Persons and Property.
- A Fire Fund Miscellaneous receipt of \$33,839 for insurance proceeds was posted as a Special Item instead of Miscellaneous.

**FINDING NUMBER 2024-023**  
**(Continued)**

- Mayor's Court Activity was not reported on their Hinkle Filing. This understated receipts by \$188,013 and disbursements by \$188,213.

As of December 31, 2023:

- The Village inappropriately recorded \$7,448 of Intergovernmental Revenue in the General Fund. Given the source of the revenue, this should have been recorded in the ARPA-NEU Grant Fund. The corresponding expenditure amounts were also inappropriately recorded. This understated the ARPA-NEU Grant Fund Security of Persons and Property and overstated the General Fund's same line.
- A Permissive Motor Vehicle Sales Tax Fund Taxes receipt of \$9,139 was posted as Intergovernmental receipt instead of Taxes.
- Mayor's Court Activity was not reported on their Hinkle Filing. This understated receipts by \$116,081 and disbursements by \$115,616.

The Village, as approved by management, has adjusted the financial statements, footnotes, and accounting system, where appropriate to correct these errors.

To ensure the Village's financial statements and notes the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and footnotes by the Village Fiscal Officer and Village Council to identify and correct errors and omissions.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-024**

**Internal Control Deficiency – Policies and Procedures Manual**

The Village does not have a policies and procedures manual. Policy manuals are useful to help convey to management and employees their responsibilities during the course of the workday. They also help in defining boundaries for employees when it comes to payroll, purchase orders or other procedures management needs in place.

Failure to adopt a policies and procedure manual could result in noncompliance with the Ohio Revised Code, misuse of Village owned property and public funds, and potential litigation.

The Village should create a policies and procedures manual.

**Officials' Response:**

We will strive to correct this in the future.

#### **FINDING NUMBER 2024-025**

##### **Internal Control Deficiency – Payroll Process**

Sound internal controls over disbursement of funds is pertinent to ensure that disbursements are accurate, complete and in compliance with applicable laws and regulations, and issued for a proper public purpose. Due to a lack of controls over the payroll process, the following payroll related disbursement issues were noted:

- Throughout the audit period, leave policies were not completely and accurately conveyed. In addition to a lack of documentation of policies, the leave balances for employees were not properly tracked through the UAN system to allow for testing to ensure balances were accurate.
- Throughout the audit period, OPERS remittances were not paid timely. This resulted in late fees, interest, and penalties of \$127 in 2023 and \$380 in 2024.
- The Village was unable to provide the salary notice nor contract for one of the employees tested in 2023.

These types of payroll processing failures could lead to an array of questions to the accuracy of pay for various individuals.

The Village should adopt proper procedures to ensure that payroll approvals are properly documented. Also, the Village should ensure all employees have proper withholdings withheld and those withholdings should be remitted timely to the proper agencies in the proper amount.

##### **Officials' Response:**

We will strive to correct this in the future.

#### **FINDING NUMBER 2024-026**

##### **Internal Control Deficiency – Budgeted Amounts Not Agreeing to UAN**

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

For 2023 and 2024, the budgetary footnote information filed through the Hinkle System was incorrectly reported due to the fact the Uniform Accounting Network (UAN) system was not properly updated. The following variances were noted between the system balances and the approved amounts:

**FINDING NUMBER 2024-026**  
**(Continued)**

Variances between approved budgetary appropriation amounts and amounts recorded in the UAN system at December 31, 2023 were as follows:

Fund Name	Approved Amount	UAN Amount	Variance
Street Construction Maintenance and Repair Fund – 2011	\$22,082	\$23,852	(\$1,770)

Variances between estimated receipt amounts from the Amended Certificate of Estimated Resources and amounts recorded in the UAN system at December 31, 2024 were as follows:

Fund Name	Approved Amount	UAN Amount	Variance
General Fund - 1000	\$322,738	\$328,191	(\$5,453)
Fire Fund - 2901	\$47,867	\$48,867	(\$1,000)
Fire Truck Levy Fund - 2902	\$17,805	\$17,050	\$755

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not properly posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could and did lead to inaccurate reporting of the budgetary information in the notes to the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2024-027**

**Internal Control Deficiency – Fund Type Classifications**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to deficiencies in internal control related to financial reporting, the Village reported a Private Purpose Trust Fund Type where there was no Trust agreement to support such a classification. This fund had a balance of \$1,000 and no activity. It appears the funds in this account should have been reported in the General Fund as they had no restrictions in place during 2023 or 2024.

The Village should review guidance over fund type classifications and make adjustments as necessary to correct the classifications used in the UAN system and reported in the Hinkle Filing.

**FINDING NUMBER 2024-027**  
**(Continued)**

**Officials' Response:**

We will strive to correct this in the future.

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**VILLAGE OF CHESAPEAKE  
LAWRENCE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2024 AND 2023**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2022-001	Material Weakness- Maintaining Adequate Financial Records	Fully Corrected	
2022-002	Noncompliance – Ohio Rev. Code § 5705.10(D)	Not Corrected	Reissued – Finding 2024-006
2022-003	Noncompliance/ Material Weakness - Ohio Rev. Code § 5705.10(I)	Not Corrected	Reissued – Finding 2024-005
2022-004	Noncompliance/ Material Weakness - Ohio Rev. Code § 5705.36(A)(1)	Fully Corrected	
2022-005	Noncompliance/ Material Weakness - Ohio Rev. Code § 5705.39	Fully Corrected	
2022-006	Noncompliance/ Material Weakness - Ohio Rev. Code § 5705.41(B)	Fully Corrected	
2022-007	Material Weakness – Bank Reconciliations	Not Corrected	Reissued – Finding 2024-017
2022-008	Material Weakness – Payroll Processes	Not Corrected	Reissued – Finding 2024-025
2022-009	Material Weakness -Budgetary System Information	Not Corrected	Reissued – Finding 2024-026
2022-010	Material Weakness – Sound Financial Reporting	Not Corrected	Reissued – Finding 2024-023





# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF CHESAPEAKE**

**LAWRENCE 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 2/17/2026**

65 East State 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)