



**VILLAGE OF CHESTERHILL  
MORGAN COUNTY**

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**Regular Audit**

**For the Years Ended  
December 31, 2017 and 2016**

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

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Chesterhill, Morgan County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

July 24, 2018

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**VILLAGE OF CHESTERHILL, MORGAN COUNTY**

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For the Years Ended December 31, 2017 and 2016

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## Independent Auditor's Report

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type and related notes of the Village of Chesterhill, Morgan County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statements misstatement, whether due to fraud or error. In assessing those risks, we consider internal controls relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 2 of the December 31, 2017 and 2016 financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D), which is an accounting basis other than accounting principles generally accepted in the United States of American (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, or changes in financial position or cash flows thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Chesterhill, Morgan County as of December 31, 2017 and 2016, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 21, 2018 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

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

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

June 21, 2018



**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2017**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<b><u>Cash Receipts:</u></b>			
Property and Local Taxes	\$2,246	\$7,325	\$9,571
Intergovernmental	10,317	17,563	27,880
Charges for Service	31,192	0	31,192
Earnings on Investments	1,693	95	1,788
Miscellaneous	7,329	213	7,542
Total Cash Receipts	<u>52,777</u>	<u>25,196</u>	<u>77,973</u>
<b><u>Cash Disbursements:</u></b>			
<i>Current:</i>			
General Government	21,165	2,465	23,630
Security of Persons and Property	4,616	5,108	9,724
Leisure Time Activities	60	0	60
Basic Utility Services	27,368	0	27,368
Transportation	0	12,205	12,205
Total Cash Disbursements	<u>53,209</u>	<u>19,778</u>	<u>72,987</u>
Cash Receipts Over/(Under) Cash Disbursements	(432)	5,418	4,986
Fund Cash Balances, January 1	<u>20,831</u>	<u>8,870</u>	<u>29,701</u>
Restricted	0	14,288	14,288
Unassigned	20,399	0	20,399
<b><i>Fund Cash Balances, December 31</i></b>	<b><u><u>\$20,399</u></u></b>	<b><u><u>\$14,288</u></u></b>	<b><u><u>\$34,687</u></u></b>

See accompanying notes to the financial statements.

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Proprietary Fund Types and Similar Fiduciary Funds**  
**For the Year Ended December 31, 2017**

	Proprietary Fund Type
	Enterprise
<b><u>Operating Cash Receipts:</u></b>	
Charges for Services	\$166,104
Miscellaneous	320
	166,424
<b><u>Operating Cash Disbursements:</u></b>	
Personal Services	61,697
Employee Fringe Benefits	9,152
Contractual Services	28,917
Supplies and Materials	9,902
Other	7,904
	117,572
Total Operating Cash Disbursements	117,572
Operating Income (Loss)	48,852
<b><u>Non-Operating Cash Receipts (Disbursements):</u></b>	
Principal Retirement	(39,318)
Interest and Other Fiscal Charges	(5,080)
	(44,398)
Total Non-Operating Cash Receipts (Disbursements)	(44,398)
Net Change in Fund Cash Balances	4,454
Fund Cash Balances, January 1	101,453
<b>Fund Cash Balances, December 31</b>	<b>\$105,907</b>

See accompanying notes to the financial statements.

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

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**Note 1 – Reporting Entity**

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

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

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

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

**A. Basis of Presentation**

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

**B. Fund Accounting**

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

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

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

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

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

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

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

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

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

**C. Basis of Accounting**

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

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

**D. Budgetary Process**

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

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

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

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

A summary of 2017 budgetary activity appears in Note 3.

**E. Fund Balances**

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

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

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

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

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

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

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

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

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

**Note 3 – Budgetary Basis of Accounting**

The Village’s budgetary activity for the year ending December 31, 2017 was as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$52,863	\$52,777	(\$86)
Special Revenue	22,427	25,196	2,769
Enterprise	174,568	166,424	(8,144)
<i>Total</i>	\$249,858	\$244,397	(\$5,461)

2017 Budgeted vs. Actual Budgetary Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$70,300	\$53,209	\$17,091
Special Revenue	29,810	19,778	10,032
Enterprise	243,644	161,970	81,674
<i>Total</i>	\$343,754	\$234,957	\$108,797

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

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**Note 4 – Cash and Investments**

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

	<u>2017</u>
Demand Deposits	<u>\$123,120</u>
Total Deposits	<u>123,120</u>
STAR Ohio	<u>17,474</u>
Total Investments	<u>17,474</u>
Total	<u><u>\$140,594</u></u>

**Deposits**

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

**Investments**

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

**Note 5- Property Taxes**

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

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

**Note 6 – Risk Management**

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

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

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

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

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017 and 2016 (the latest information available):

Combined Coverage	2017	2016
Assets	\$44,452,326	\$42,182,281
Liabilities	(13,004,011)	(13,396,700)
Retained Earnings	\$31,448,315	\$28,785,581

The Casualty Coverage assets and retained earnings above include approximately \$11.3 million of unpaid claims to be billed to approximately 527 member governments in the future, as of December 31, 2017. PEP will collect these amounts in future annual contributions billings when PEP'S related liabilities are due for payment.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool’s primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2016 the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

**Note 7 – Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants’ gross salaries. The Village has paid all contributions required through December 31, 2017.

Retirement Rates	Year	Member Rate	Employer Rate
OPERS - Local	2017	10%	14%

**Note 8 – Postemployment Benefits**

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

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

**Note 9 – Debt**

A schedule of changes in long-term obligations of the Village during 2017 follows:

	Interest Rate	Principal Balance 12-31-16	Issued in 2017	Retired in 2017	Principal Balance 12-31-17
Ohio Water Development Authority 1517	7.45%	\$37,451	\$0	\$24,678	\$12,773
Ohio Water Development Authority 1518	6.51%	3,777	0	2,492	1,285
Ohio Water Development Authority 3526	1.50%	94,278	0	5,649	88,629
Ohio Water Development Authority 4248	1.50%	137,458	0	6,499	130,959
Total		<u>\$272,964</u>	<u>\$0</u>	<u>\$39,318</u>	<u>\$233,646</u>

The Ohio Water Development Authority (OWDA) loan 1517 relate to a water distribution system improvements project. The Village will repay the loan over 25 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 1518 relate to a water distribution system improvements project The Village will repay the loans semiannual installments of \$1,369, including interest, over 23 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

The Ohio Water Development Authority (OWDA) loan 5653 relate to a water system improvements project The Village will repay the loans semiannual installments of \$4,268, including interest, over 30 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

	OWDA 1517		OWDA 1518		OWDA 3526		OWDA 4248		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$12,773	\$960	\$1,285	\$84	\$5,734	\$1,308	\$6,597	\$1,940	\$26,389	\$4,292
2019	0	0	0	0	5,820	1,222	6,696	1,841	12,516	3,063
2020	0	0	0	0	5,908	1,134	6,797	1,740	12,705	2,874
2021	0	0	0	0	5,997	1,045	6,899	1,638	12,896	2,683
2022	0	0	0	0	6,087	955	7,003	1,533	13,090	2,488
2023-2027	0	0	0	0	31,839	3,377	36,627	6,053	68,466	9,430
2028-2032	0	0	0	0	27,244	926	39,471	3,212	66,715	4,138
2033-2035	0	0	0	0	0	0	20,869	471	20,869	471
Total	<u>\$12,773</u>	<u>\$960</u>	<u>\$1,285</u>	<u>\$84</u>	<u>\$88,629</u>	<u>\$9,967</u>	<u>\$130,959</u>	<u>\$18,428</u>	<u>\$233,646</u>	<u>\$29,439</u>



**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 10 – Contingent Liabilities**

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

**Note 11 – Fund Cash Balances**

As of December 31, 2017, fund balances are composed of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<i>Restricted:</i>			
Fire Operations	\$0	\$3,639	\$3,639
Parks and Recreation	0	422	422
Road Maintenance & Improvement	0	10,227	10,227
<i>Unassigned</i>	<u>20,399</u>	<u>0</u>	<u>20,399</u>
Total	<u><u>\$20,399</u></u>	<u><u>\$14,288</u></u>	<u><u>\$34,687</u></u>

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2016**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<b><u>Cash Receipts:</u></b>			
Property and Local Taxes	\$7,954	\$6,751	\$14,705
Intergovernmental	11,939	15,708	27,647
Charges for Service	33,544	0	33,544
Earnings on Investments	1,524	102	1,626
Miscellaneous	61	290	351
	<u>55,022</u>	<u>22,851</u>	<u>77,873</u>
<b><u>Cash Disbursements:</u></b>			
<i>Current:</i>			
General Government	15,962	2,722	18,684
Security of Persons and Property	4,817	8,008	12,825
Leisure Time Activities	109	0	109
Basic Utility Services	27,579	0	27,579
Transportation	0	12,254	12,254
	<u>48,467</u>	<u>22,984</u>	<u>71,451</u>
Cash Receipts Over/(Under) Cash Disbursements	6,555	(133)	6,422
Fund Cash Balances, January 1	<u>14,276</u>	<u>9,003</u>	<u>23,279</u>
Restricted	0	8,870	8,870
Unassigned	20,831	0	20,831
<b><i>Fund Cash Balances, December 31</i></b>	<b><u>\$20,831</u></b>	<b><u>\$8,870</u></b>	<b><u>\$29,701</u></b>

See accompanying notes to the financial statements.

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Proprietary Fund Types and Similar Fiduciary Funds**  
**For the Year Ended December 31, 2016**

	Proprietary Fund Type
	Enterprise
<b><u>Operating Cash Receipts:</u></b>	
Charges for Services	\$174,362
Miscellaneous	205
	174,567
Total Operating Cash Receipts	174,567
<b><u>Operating Cash Disbursements:</u></b>	
Personal Services	55,292
Employee Fringe Benefits	8,739
Contractual Services	43,436
Supplies and Materials	20,158
Other	6,381
	134,006
Total Operating Cash Disbursements	134,006
Operating Income (Loss)	40,561
<b><u>Non-Operating Cash Receipts (Disbursements):</u></b>	
Principal Retirement	(37,274)
Interest and Other Fiscal Charges	(5,109)
	(42,383)
Total Non-Operating Cash Receipts (Disbursements)	(42,383)
Net Change in Fund Cash Balances	(1,822)
Fund Cash Balances, January 1	103,275
<b>Fund Cash Balances, December 31</b>	<b>\$101,453</b>

See accompanying notes to the financial statements.

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

---

**Note 1 – Reporting Entity**

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

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

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

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

**A. Basis of Presentation**

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

**B. Fund Accounting**

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

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

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

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

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

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

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

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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

**C. Basis of Accounting**

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

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

**D. Budgetary Process**

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

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

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

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

A summary of 2016 budgetary activity appears in Note 3.

**E. Fund Balances**

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

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

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

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

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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

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

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

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

**Note 3 – Budgetary Basis of Accounting**

The Village’s budgetary activity for the year ending December 31, 2016 was as follows:

2016 Budgeted vs. Actual Receipts			
	Receipts		
Fund Type	Budgeted	Actual	Variance
General	\$53,835	\$55,022	\$1,187
Special Revenue	22,080	22,851	771
Enterprise	169,159	174,567	5,408
<i>Total</i>	\$245,074	\$252,440	\$7,366

2016 Budgeted vs. Actual Budgetary Disbursements			
	Appropriation	Budgetary	
Fund Type	Authority	Disbursements	Variance
General	\$65,500	\$48,467	\$17,033
Special Revenue	30,378	22,984	7,394
Enterprise	232,444	176,389	56,055
<i>Total</i>	\$328,322	\$247,840	\$80,482

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 4 – Cash and Investments**

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

	<u>2016</u>
Demand Deposits	<u>\$113,863</u>
Total Deposits	<u>113,863</u>
STAR Ohio	<u>17,291</u>
Total Investments	<u>17,291</u>
Total	<u><u>\$131,154</u></u>

**Deposits**

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

**Investments**

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

**Note 5- Property Taxes**

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

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

**Note 6 – Risk Management**

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

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

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2016 and 2015 (the latest information available):

Combined Coverage	2016	2015
Assets	\$42,182,281	\$38,307,677
Liabilities	(13,396,700)	(12,759,127)
Retained Earnings	\$28,785,581	\$25,548,550

The Casualty Coverage assets and retained earnings above include approximately \$11.5 million of unpaid claims to be billed to approximately 520 member governments in the future, as of December 31, 2016. PEP will collect these amounts in future annual contributions billings when PEP'S related liabilities are due for payment.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool’s primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2016 the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

**Note 7 – Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants’ gross salaries. The Village has paid all contributions required through December 31, 2016.

Retirement Rates	Year	Member Rate	Employer Rate
OPERS - Local	2016	10%	14%

**Note 8 – Postemployment Benefits**

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



**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

**Note 9 – Debt**

A schedule of changes in long-term obligations of the Village during 2016 follows:

	Interest Rate	Principal Balance 12-31-15	Issued in 2016	Retired in 2016	Principal Balance 12-31-16
Ohio Water Development Authority 1517	7.45%	\$60,418	\$0	\$22,967	\$37,451
Ohio Water Development Authority 1518	6.51%	6,117	0	2,340	3,777
Ohio Water Development Authority 3526	1.50%	99,843	0	5,565	94,278
Ohio Water Development Authority 4248	1.50%	143,860	0	6,402	137,458
Total		<u>\$310,238</u>	<u>\$0</u>	<u>\$37,274</u>	<u>\$272,964</u>

The Ohio Water Development Authority (OWDA) loan 1517 relate to a water distribution system improvements project. The Village will repay the loan over 25 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 1518 relate to a water distribution system improvements project. The Village will repay the loans semiannual installments of \$1,369, including interest, over 23 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

The Ohio Water Development Authority (OWDA) loan 5653 relate to a water system improvements project. The Village will repay the loans semiannual installments of \$4,268, including interest, over 30 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

	OWDA 1517		OWDA 1518		OWDA 3526		OWDA 4248		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$24,677	\$2,790	\$2,492	\$246	\$5,649	\$1,393	\$6,499	\$2,038	\$39,317	\$6,467
2018	12,774	960	1,285	84	5,734	1,308	6,597	1,940	26,390	4,292
2019	0	0	0	0	5,820	1,222	6,696	1,841	12,516	3,063
2020	0	0	0	0	5,908	1,134	6,797	1,740	12,705	2,874
2021	0	0	0	0	5,997	1,045	6,899	1,638	12,896	2,683
2022-2026	0	0	0	0	31,366	3,844	36,084	6,596	67,450	10,440
2027-2031	0	0	0	0	33,804	1,409	38,885	3,797	72,689	5,206
2032-2035	0	0	0	0	0	0	29,001	876	29,001	876
Total	<u>\$37,451</u>	<u>\$3,750</u>	<u>\$3,777</u>	<u>\$330</u>	<u>\$94,278</u>	<u>\$11,355</u>	<u>\$137,458</u>	<u>\$20,466</u>	<u>\$272,964</u>	<u>\$35,901</u>

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

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**Note 10 – Contingent Liabilities**

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

**Note 11 – Fund Cash Balances**

As of December 31, 2016, fund balances are composed of the following:

	General	Special Revenue	Total
<i>Restricted:</i>			
Fire Operations	\$0	\$212	\$212
Parks and Recreation	0	252	252
Road Maintenance & Improvement	0	8,406	8,406
<i>Unassigned</i>	20,831	0	20,831
Total	\$20,831	\$8,870	\$29,701

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Chesterhill, Morgan County, Ohio (the Village), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 21, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

**Internal Control over Financial Reporting**

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

A *deficiency in internal control* 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. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider finding 2017-002 described in the accompanying Schedule of Findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2017-003 and 2017-004 described in the accompanying Schedule of Findings to be significant deficiencies.

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2017-001 and 2017-002.

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

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

### **Purpose of this Report**

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

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

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

June 21, 2018

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2017 and 2016**

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

***Finding Number 2017-001***

**Noncompliance**

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

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

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

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

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

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

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

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

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2017 and 2016**

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

***Finding Number 2017-002***

**Noncompliance and Material Weakness**

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

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

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

In 2017:

- General Fund intergovernmental revenue of \$1,120 misposted as property tax and other revenue;
- Special Revenue Funds intergovernmental revenue of \$1,614 misposted as property tax and other revenue;

In 2016:

- General Fund intergovernmental revenue of \$4,078 misposted as other revenue;
- General Fund tax revenue of \$4,626 misposted as other revenue;
- Special Revenue Funds intergovernmental revenue of \$1,633 misposted as property tax and other revenue;
- Enterprise Fund to reclassify principal payments of \$18,166 misposted as interest.

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

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

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

**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2017 and 2016**

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

***Finding Number 2017-003***

**Significant Deficiency**

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

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

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

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

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

***Finding Number 2017-004***

**Significant Deficiency**

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

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

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

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**VILLAGE OF CHESTERHILL, MORGAN COUNTY**  
*Schedule of Prior Audit Findings*  
For the Years Ended December 31, 2017 and 2016

<b>Finding Number</b>	<b>Description</b>	<b>Status</b>	<b>Comments</b>
<i>Government Auditing Standards:</i>			
2015-001	A noncompliance citation of Ohio Rev. Code 1347.05 for a formal policy defining personal information.	Not Corrected	Reissued as Finding 2017-001
2015-002	A material weakness and noncompliance citation of Ohio Admin. Code 117-2-02(A) audit adjustments.	Not Corrected	Reissued as Finding 2017-002
2015-003	A significant deficiency for not adopting a vehicle and equipment use policy.	Not Corrected	Reissued as Finding 2017-003
2015-004	A significant deficiency for not adopting a travel reimbursement policy.	Not Corrected	Reissued as Finding 2017-004

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# Dave Yost • Auditor of State

VILLAGE OF CHESTERHILL

MORGAN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
AUGUST, 7 2018