



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF CHESAPEAKE
LAWRENCE COUNTY**

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VILLAGE OF CHESAPEAKE
LAWRENCE COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified, Qualified and Adverse Opinions

We have audited the financial statements of the Village of Chesapeake, Lawrence, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022, 2021, 2020, and 2019, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022, 2020, and 2019, and for the fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2021, and the related notes of the Village of Chesapeake, Lawrence, Ohio in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022, 2021, 2020, and 2019, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

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

Basis for Additional Opinion Qualification

For the year ended December 31, 2021, invoice support was not maintained to adequately support expenditures tested. Also, the Village did not maintain adequate system reports for payroll processed in 2021 to allow for proper testing of this cycle. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as cash disbursements for both the General and Special Revenue funds. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
May 28, 2025

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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, 2022

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$49,762	\$38,650		\$88,412
Intergovernmental	31,643	101,795	\$38,515	171,953
Charges for Services		40		40
Fines, Licenses and Permits	140,522	1,332		141,854
Earnings on Investments	38			38
Miscellaneous	1,374	13,518		14,892
<i>Total Cash Receipts</i>	<u>223,339</u>	<u>155,335</u>	<u>38,515</u>	<u>417,189</u>
Cash Disbursements				
Current:				
Security of Persons and Property	164,518	14,762		179,280
Public Health Services	500			500
Leisure Time Activities		1,569		1,569
Transportation		66,920		66,920
General Government	149,911	1,600		151,511
Capital Outlay		80,940	38,515	119,455
Debt Service:				
Principal Retirement	19,721	5,675		25,396
Interest and Fiscal Charges	6,213	840		7,053
<i>Total Cash Disbursements</i>	<u>340,863</u>	<u>172,306</u>	<u>38,515</u>	<u>551,684</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(117,524)</u>	<u>(16,971)</u>	<u>0</u>	<u>(134,495)</u>
Other Financing Receipts (Disbursements)				
Other Financing Sources - Insurance Proceeds		65,991		65,991
Other Financing Uses	(72)	(7,819)		(7,891)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(72)</u>	<u>58,172</u>	<u>0</u>	<u>58,100</u>
<i>Net Change in Fund Cash Balances</i>	(117,596)	41,201	0	(76,395)
<i>Fund Cash Balances, January 1</i>	<u>209,000</u>	<u>139,955</u>		<u>348,955</u>
<i>Fund Cash Balances, December 31</i>	<u>\$91,404</u>	<u>\$181,156</u>	<u>\$0</u>	<u>\$272,560</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)*

Fiduciary Fund Types

For the Year Ended December 31, 2022

	<u>Private Purpose Trust</u>	<u>Mayor's Court</u>
Additions		
Fines, Licenses, and Permits for Distribution	<u> </u>	<u>\$142,646</u>
<i>Total Additions</i>	<u>0</u>	<u>142,646</u>
Deductions		
Distributions to Governments	<u> </u>	<u>142,646</u>
<i>Total Deductions</i>	<u>0</u>	<u>142,646</u>
<i>Net Change in Fund Balances</i>	0	0
<i>Fund Cash Balances, January 1</i>	<u>1,000</u>	<u>0</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,000</u>	<u>\$0</u>

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, 2022

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 Fund:

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

Fire Levy Fund This Fund is used to account for a property tax levy and charges for services to provide fire protection to the Village.

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

Village of Chesapeake, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Ohio Public Works Fund This fund receives grant funds that are used to pay for road projects within the Village.

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

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 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 2022 budgetary activity appears in Note 3.

Village of Chesapeake, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

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.

Village of Chesapeake, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$265,895	\$223,339	(\$42,556)
Special Revenue	103,150	221,326	118,176
Capital Projects	0	38,515	38,515
Fiduciary	0	0	0
Total	\$369,045	\$483,180	\$114,135

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$460,682	\$367,454	\$93,228
Special Revenue	148,789	182,624	(33,835)
Capital Projects	38,515	38,515	0
Fiduciary	1,001	0	1,001
Total	\$648,987	\$588,593	\$60,394

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 accounts are as follows:

Demand deposits	2022 \$273,560
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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

Village of Chesapeake, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

31, 2022, the village is holding \$0 in unremitted employee payroll withholdings.

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

Note 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:

Village of Chesapeake, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

2022

Cash and investments - \$ 42,310,794

Actuarial liabilities - \$15,724,479

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, 2022.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC - CU05I	\$15,000	0.00%
OPWC - CT54K	\$5,338	0.00%
Lawrence County Commissioner's Note	\$4,771	6.00%
Lease Purchase for Police Vehicles (2020)	\$34,966	3.93%
Lease Purchase for Police Vehicles and Truck (2021)	\$31,694	4.95%
Total	<u>\$91,769</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.

Village of Chesapeake, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Lawrence County Commissioners Note’s purpose is to finance the 10% local portion of an OPWC grant project for repair work on North Huntington Heights. The annual obligation is one payment of \$5,112, including interest. Lawrence County has agreed to pay for half of this original obligation each year in the amount of \$2,556. The annual obligation for the Village is one payment of \$2,556, including interest. Principal and interest payments are being made from the Street Construction, Maintenance and Repair Fund.

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.

Amortization

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

Year Ending December 31:	OPWC - CU05I	OPWC - CT54K	Lawrence County Note	Police Vehicle Lease Purchase (2020)	Lease Purchase (2021)
2023	\$2,500	\$762	\$2,556	\$15,045	\$13,053
2024	2,500	762	2,556	15,045	13,053
2025	2,500	762		6,269	9,790
2026	2,500	762			
2027	2,500	762			
2028-2032	2,500	1,528			
Total	\$15,000	\$5,338	\$5,112	\$36,359	\$35,896

Note 10 – Contingent Liabilities

The Village is 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:

Village of Chesapeake, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	26,519	2,499	29,018

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.

Note 12 - Compliance

At December 31, 2022, the Street and Construction Maintenance and Repair Fund, Parks and Recreation Fund, and Fire Fund had expenditures in excess of appropriations of \$28,275, \$992, and \$48,835, as of December 31, 2022, respectively. This is noncompliant with Ohio Revised Code Section 5705.41(B).

At December 31, 2022, the Street and Construction Maintenance and Repair Fund had a deficit fund balance of \$15,377 and the Parks and Receptions Fund had a deficit fund balance of \$1,548. 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, 2021

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$44,799	\$34,413	\$79,212
Intergovernmental	35,941	104,111	140,052
Charges for Services		70	70
Fines, Licenses and Permits	244,089	2,587	246,676
Earnings on Investments	18		18
Miscellaneous	13,997	6,656	20,653
<i>Total Cash Receipts</i>	<u>338,844</u>	<u>147,837</u>	<u>486,681</u>
Cash Disbursements			
Current:			
Security of Persons and Property	212,541	18,665	231,206
Public Health Services	500		500
Leisure Time Activities		1,168	1,168
Transportation		53,480	53,480
General Government	102,941	2,454	105,395
Capital Outlay	44,275	46,937	91,212
Debt Service:			
Principal Retirement	13,933	1,945	15,878
Interest and Fiscal Charges	2,787	187	2,974
<i>Total Cash Disbursements</i>	<u>376,977</u>	<u>124,836</u>	<u>501,813</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(38,133)</u>	<u>23,001</u>	<u>(15,132)</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	33,534	10,017	43,551
Other Financing Uses		(2,976)	(2,976)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>33,534</u>	<u>7,041</u>	<u>40,575</u>
<i>Net Change in Fund Cash Balances</i>	(4,599)	30,042	25,443
<i>Fund Cash Balances, January 1</i>	<u>213,599</u>	<u>109,913</u>	<u>323,512</u>
<i>Fund Cash Balances, December 31</i>	<u>\$209,000</u>	<u>\$139,955</u>	<u>\$348,955</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)*

Fiduciary Fund Types

For the Year Ended December 31, 2021

	<u>Private Purpose Trust</u>	<u>Mayor's Court</u>
Additions		
Fines, Licenses, and Permits for Distribution		\$292,826
<i>Total Additions</i>	<u>0</u>	<u>292,826</u>
Deductions		
Distributions to Governments		292,826
<i>Total Deductions</i>	<u>0</u>	<u>292,826</u>
<i>Net Change in Fund Balances</i>	0	0
<i>Fund Cash Balances, January 1</i>	<u>1,000</u>	<u>0</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,000</u>	<u>\$0</u>

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, 2021

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 7 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 Levy Fund This Fund is used to account for a property tax levy and charges for services to provide fire protection to 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.

The Village's Private Purpose Trust Fund is for the benefit of Columbia Gas and the Village of Chesapeake.

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

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 2021 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

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

Note 3 – Compliance

For the year 2021, although the Village did approve an appropriation measure for 2021, they did not file their appropriations with the County Auditor's Office in order to receive the certificate that total appropriations did not exceed the total official estimate or amended official estimate. As such, all appropriations were in excess of estimated resources for 2021. This is noncompliant with Ohio Revised Code Section 5705.39.

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

The Village's Street Fund, Parks and Recreation Fund, and Fire Fund also had expenditures in excess of appropriations of \$19,011, \$1,091, and \$3,239, as of December 31, 2021, respectively. This is noncompliant with Ohio Revised Code Section 5705.41(B).

Lastly, the Village Fiscal Officer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission in 2021. This is noncompliant with Ohio Revised Code Section 5705.36.

Note 4 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$372,378	\$372,378
Special Revenue	0	157,854	157,854
Fiduciary	0	0	0
Total	\$0	\$530,232	\$530,232

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$450,417	\$391,259	\$59,158
Special Revenue	149,960	129,885	20,075
Fiduciary	1,001	0	1,001
Total	\$601,378	\$521,144	\$80,234

Note 5 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. A summary of the Village's deposit accounts are as follows:

Demand deposits	2021 \$349,955
-----------------	-------------------

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the village is holding \$0 in unremitted employee payroll withholdings.

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

Note 6 – Taxes

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

Property Taxes

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

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

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

Note 7 – Risk Management

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:

2021
Cash and investments - \$ 41,996,850
Actuarial liabilities - \$14,974,099

Note 8 – Defined Benefit Pension Plans

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

Ohio Public Employees Retirement System

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

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

Note 9 – Postemployment Benefits

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

Note 10 – Debt

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
OPWC - CU05I	\$17,500	0.00%
OPWC - CT54K	\$6,100	0.00%
Lawrence County Commissioner's Note	\$4,771	6.00%
Lease Purchase for Police Vehicles (2020)	\$48,364	3.93%
Lease Purchase for Police Vehicles and Truck (2021)	\$42,186	4.95%
Total	\$118,921	

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 Lawrence County Commissioners Note’s purpose is to finance the 10% local portion of an OPWC grant project for repair work on North Huntington Heights. The annual obligation is one payment of \$5,112, including interest. Lawrence County has agreed to pay for half of this original obligation each year in the amount of \$2,556. The annual obligation for the Village is one payment of \$2,556, including interest. Principal and interest payments are being made from the Street Construction, Maintenance and Repair Fund.

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. The Village disbursed \$2,175 to pay lease costs for the year ended December 31, 2021.

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

Amortization

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

Year Ending December 31:	OPWC - CU05I	OPWC - CT54K	Lawrence County Note	Police Vehicle Lease Purchase (2020)	Lease Purchase (2021)
2022	\$2,500	\$762	\$2,556	\$15,045	\$13,053
2023	2,500	762	2,556	15,045	13,053
2024	2,500	762		15,045	13,053
2025	2,500	762		6,269	9,790
2026	2,500	762			
2027-2031	5,000	2,290			
Total	<u>\$17,500</u>	<u>\$6,100</u>	<u>\$5,112</u>	<u>\$51,404</u>	<u>\$48,949</u>

Note 11 – Contingent Liabilities

The Village is 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 12 – Fund Balances

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	<u>14,282</u>	<u>2,073</u>	<u>16,355</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, 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.

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

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$44,123	\$34,212	\$78,335
Intergovernmental	74,240	92,188	166,428
Charges for Services	1,000		1,000
Fines, Licenses and Permits	140,061	1,809	141,870
Earnings on Investments	26		26
Miscellaneous	39,743	1,522	41,265
<i>Total Cash Receipts</i>	<u>299,193</u>	<u>129,731</u>	<u>428,924</u>
Cash Disbursements			
Current:			
Security of Persons and Property	120,804	28,486	149,290
Public Health Services	250		250
Leisure Time Activities		40	40
Transportation		56,627	56,627
General Government	97,474	17,120	114,594
Capital Outlay	68,038		68,038
Debt Service:			
Principal Retirement	7,123	10,567	17,690
Interest and Fiscal Charges	1,878	219	2,097
<i>Total Cash Disbursements</i>	<u>295,567</u>	<u>113,059</u>	<u>408,626</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,626</u>	<u>16,672</u>	<u>20,298</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	73,538		73,538
<i>Total Other Financing Receipts (Disbursements)</i>	<u>73,538</u>	<u>0</u>	<u>73,538</u>
Special Item	179		179
<i>Net Change in Fund Cash Balances</i>	77,343	16,672	94,015
<i>Fund Cash Balances, January 1</i>	<u>136,256</u>	<u>93,241</u>	<u>229,497</u>
<i>Fund Cash Balances, December 31</i>	<u>\$213,599</u>	<u>\$109,913</u>	<u>\$323,512</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)*

Fiduciary Fund Types

For the Year Ended December 31, 2020

	<u>Private Purpose Trust</u>	<u>Mayor's Court</u>
Additions		
Fines, Licenses, and Permits for Distribution		\$150,682
<i>Total Additions</i>	<u>0</u>	<u>150,682</u>
Deductions		
Distributions to Governments		150,682
<i>Total Deductions</i>	<u>0</u>	<u>150,682</u>
<i>Net Change in Fund Balances</i>	0	0
<i>Fund Cash Balances, January 1</i>	<u>1,000</u>	<u>0</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,000</u>	<u>\$0</u>

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, 2020

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 7 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) for 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 Levy Fund This Fund is used to account for a property tax levy and charges for services to provide fire protection to 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, 2020

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 2020 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

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

Note 3 – Compliance

In 2020, the Village inappropriately recorded \$27,373 of Intergovernmental Revenue in the General Fund. Given the source of the revenue, this should have been recorded in the Gasoline Fund. This is noncompliant with Ohio Revised Code Section 5705.10(D).

Note 4 – Budgetary Activity

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

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$221,516	\$372,731	\$151,215
Special Revenue	103,150	129,731	26,581
Fiduciary	0	0	0
Total	\$324,666	\$502,462	\$177,796

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$371,532	\$305,384	\$66,148
Special Revenue	187,069	114,748	72,321
Fiduciary	1,001	0	1,001
Total	\$559,602	\$420,132	\$139,470

Note 5 – Deposits

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

Demand deposits	2020 \$324,512
-----------------	-------------------

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the village is holding \$0 in unremitted employee payroll withholdings.

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

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also

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

reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 7 – Risk Management

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:

2020

Cash and investments - \$ 40,318,971

Actuarial liabilities - \$14,111,510

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 9 – Postemployment Benefits

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

Note 10 – Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
OPWC - CU05I	\$18,750	0.00%
OPWC - CT54K	\$6,482	0.00%
Lawrence County Commissioner's Note	\$4,771	6.00%
Lease Purchase for Police Vehicles	\$61,247	3.93%
Total	\$91,250	

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 Lawrence County Commissioners Note’s purpose is to finance the 10% local portion of an OPWC grant project for repair work on North Huntington Heights. The annual obligation is one payment of \$5,112, including interest. Lawrence County has agreed to pay for half of this original obligation each year in the amount of \$2,556. The annual obligation for the Village is one payment of \$2,556, including interest. Principal and interest payments are being made from the Street Construction, Maintenance and Repair Fund.

The Village entered into a lease purchase agreement in 2020 for the purchase of police vehicles. The Village disbursed \$8,777 to pay lease costs for the year ended December 31, 2020.

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

Amortization

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

Year Ending December 31:	OPWC - CU05I	OPWC - CT54K	Lawrence County Note	Police Vehicle Lease Purchase
2021	\$1,250	\$381	\$2,556	\$15,045
2022	2,500	762	2,556	15,045
2023	2,500	762		15,045
2024	2,500	762		15,045
2025	2,500	762		6,269
2026-2030	7,500	3,053		
Total	<u>\$18,750</u>	<u>\$6,482</u>	<u>\$5,112</u>	<u>\$66,449</u>

Note 11 – Contingent Liabilities

The Village is 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 12 – Fund Balances

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	<u>9,817</u>	<u>1,689</u>	<u>11,506</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, 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.

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

Note 13 – Subsequent Events

In 2021, the Village entered into a lease agreement for the purchase of a police vehicle, a truck, and police radios for a total of \$43,550.

Note 14 – Change in Accounting Principles

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

The effect of this change did not require any restatement of beginning cash balance.

Note 15 – COVID-19

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

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, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$42,250	\$33,978	\$76,228
Intergovernmental	29,412	56,761	86,173
Fines, Licenses and Permits	187,930	17,294	205,224
Earnings on Investments	35	4	39
Miscellaneous	583	3,102	3,685
<i>Total Cash Receipts</i>	<u>260,210</u>	<u>111,139</u>	<u>371,349</u>
Cash Disbursements			
Current:			
Security of Persons and Property	120,786	65,069	185,855
Public Health Services	2,149		2,149
Leisure Time Activities		438	438
Transportation		51,910	51,910
General Government	86,973	2,687	89,660
Capital Outlay		959	959
Debt Service:			
Principal Retirement		16,190	16,190
Interest and Fiscal Charges		578	578
<i>Total Cash Disbursements</i>	<u>209,908</u>	<u>137,831</u>	<u>347,739</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>50,302</u>	<u>(26,692)</u>	<u>23,610</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	2,836		2,836
<i>Total Other Financing Receipts (Disbursements)</i>	<u>2,836</u>	<u>0</u>	<u>2,836</u>
<i>Net Change in Fund Cash Balances</i>	53,138	(26,692)	26,446
<i>Fund Cash Balances, January 1</i>	<u>83,118</u>	<u>119,933</u>	<u>203,051</u>
Fund Cash Balances, December 31			
Restricted		93,241	93,241
Unassigned (Deficit)	136,256		136,256
<i>Fund Cash Balances, December 31</i>	<u>\$136,256</u>	<u>\$93,241</u>	<u>\$229,497</u>

See accompanying notes to the basic financial statements

Village of Chesapeake, Ohio

Lawrence County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

Fiduciary Fund Types

For the Year Ended December 31, 2019

	Private Purpose Trust	Agency	Totals (Memorandum Only)
Non-Operating Receipts (Disbursements)			
Other Non-Operating Cash Receipts		207,664	207,664
Other Non-Operating Cash Disbursements		(210,739)	(210,739)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>0</u>	<u>(3,075)</u>	<u>(3,075)</u>
<i>Net Change in Fund Cash Balances</i>	0	(3,075)	(3,075)
<i>Fund Cash Balances, January 1</i>	<u>1,000</u>	<u>3,075</u>	<u>4,075</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,000</u></u>	<u><u>\$0</u></u>	<u><u>\$1,000</u></u>

Village of Chesapeake, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 receipts, disbursements and changes in fund balances (regulatory cash basis) for fiduciary fund types which are 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 Levy Fund This Fund is used to account for a property tax levy and charges for services to provide fire protection to the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

The Village's Private Purpose Trust Fund is for the benefit of Columbia Gas and the Village of Chesapeake.

Village of Chesapeake, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

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 be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, 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 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Village of Chesapeake, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

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*. 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 Activity

Budgetary activity for the year ending 2019 follows:

Village of Chesapeake, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2019

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$220,889	\$263,046	\$42,157
Special Revenue	96,419	111,139	14,720
Fiduciary	0	0	0
Total	\$317,308	\$374,185	\$56,877

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$312,585	\$215,092	\$97,493
Special Revenue	211,201	139,912	71,289
Fiduciary	1,001	0	1,001
Total	\$524,787	\$355,004	\$169,783

Note 4 – Deposits

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

	2019
Demand deposits	\$230,497

Deposits

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

Note 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.

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

Village of Chesapeake, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

During 2019, the Village did not make significant changes to coverage.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 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

Village of Chesapeake, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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, 2019.

Note 8- Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
City National Bank Loan	\$6,104	4.0%
OPWC - CU05I	\$22,500	0.00%
OPWC - CT54K	\$7,626	0.00%
Lawrence County Commissioner's Note	\$4,771	6.00%
Total	\$41,001	

The City National Bank Loan relates to the purchase of a new fire truck purchased in 2000 and renewed on May 24, 2015 the loan was renewed in an amount of \$61,117 for a period of five years at a fixed rate of 4% to be paid in 59 regular payments of \$1,126, including interest, and a final estimated payment of \$1,242, including interest. The loan is collateralized by the fire truck and associated equipment.

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 Lawrence County Commissioners Note's purpose is to finance the 10% local portion of an OPWC grant project for repair work on North Huntington Heights. The annual obligation is one payment of \$5,112, including interest. Lawrence County has agreed to pay for half of this original obligation each year in the amount of \$2,556. The annual obligation for the Village is one payment of \$2,556, including interest. Principal and interest payments are being made from the Street Construction, Maintenance and Repair Fund.

Amortization

Village of Chesapeake, Ohio
Lawrence County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

Year Ending December 31:	City National Bank Loan	OPWC - CU05I	OPWC - CT54K	Lawrence County Note
2020	\$6,750	\$2,500	\$762	\$2,556
2021		2,500	762	2,556
2022		2,500	762	
2023		2,500	762	
2024		2,500	762	
2025-2029		10,000	3,816	
Total	<u>\$6,750</u>	<u>\$22,500</u>	<u>\$7,626</u>	<u>\$5,112</u>

Note 10 – Contingent Liabilities

The Village is 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. 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 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio and the investments of the pension and other employee benefit plan in which the Village participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 12 – Subsequent Events

In 2020, the Village entered into a lease agreement for the purchase of police vehicles in the amount of \$68,038.

In 2021, the Village entered into a lease agreement for the purchase of a police vehicle, a truck, and police radios for a total of \$43,550.

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OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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800-282-0370

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

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

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022, 2021, 2020, and 2019 and the related notes to the financial statements of the Village of Chesapeake, Lawrence County, Ohio (the Village) and have issued our report thereon dated May 28, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We qualified our opinion on Governmental Fund Type cash disbursements for the year ended December 31, 2021 because of lack of sufficient appropriate audit evidence.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 and 2022-003 through 2022-010 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2022-002 through 2022-006.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
May 28, 2025

**VILLAGE OF CHESAPEAKE
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 - 2019**

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

FINDING NUMBER 2022-001

Material Weakness

Maintaining organized documentation and support for financial transactions is essential in assuring the Village financial statements are not materially misstated and that all expenditures are made for a proper public purpose.

Due to a lack of controls over the maintenance of financial records, the Village did not maintain underlying documentation and support in the following situations:

In 2019 of the 23 non-payroll expenditures tested, we identified one non-payroll expenditure (4%) where the Village did not obtain proper documentation support of the expenditures. We were able to perform alternative audit procedures to gain the necessary audit assurances.

In 2020 of the 21 non-payroll expenditures tested, we identified two non-payroll expenditures (10%) where the Village did not obtain proper documentation support of the expenditures. One invoice was obtained during the audit from the vendor. The remaining expenditure without support was in the amount of \$50.

In 2020 of the 26 payroll expenditures tested, we identified three payroll expenditures (12%) where the Village did not maintain timesheets. We were able to perform alternative audit procedures to gain the necessary audit assurances.

In 2021 of the 24 non-payroll expenditures tested, we identified 22 non-payroll expenditures (92%) where the Village did not obtain proper documentation support of the expenditures. We were not able to perform alternative audit procedures to gain the necessary audit assurances. However, the expenditures were reviewed for reasonableness and proper purpose for a Village.

In 2021 of the two miscellaneous receipts tested for the special revenue funds, we identified two receipts (100%) where the Village did not obtain proper documentation support of the receipts. We were able to perform alternative audit procedures to gain the necessary audit assurances.

In 2022 of the 20 non-payroll expenditures tested, we identified one non-payroll expenditure (5%) where the Village did not obtain proper documentation support of the expenditures. We were able to perform alternative audit procedures to gain the necessary audit assurances.

In addition to these items, it was noted that for 2021, the Village was not able to provide us with any of their resolutions or ordinances approved according to the minute record.

Failure to maintain underlying documentation and support for financial transactions can increase the risk of fraud, result in financial statement misstatements, and the expenditures that are not for a proper public purpose.

The Village should develop and implement internal controls over maintenance of records that helps ensure they maintain all invoices, purchase orders, resolutions, and ordinances for all financial transactions and records be maintained in an orderly manner to support all transactions.

Officials' Response :

The Village will strive to correct this in the future.

FINDING NUMBER 2022-002

Noncompliance

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.

Due to the lack of controls over the posting of financial transactions, in 2020, the Village inappropriately recorded \$27,373 of Intergovernmental Revenue in the General Fund. Given the source of the revenue, this should have been recorded in the Gasoline Fund. In the other years of the audit period, there were other immaterial amounts noted as posted to incorrect funds as well. Audit adjustments, as agreed to by management, are reflected in the financial statements and were also made in the accounting records.

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

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

Officials' Response :

The Village will strive to correct this in the future.

FINDING NUMBER 2022-003

Noncompliance/Material Weakness

Ohio Rev. Code § 5705.10(I) requires that money paid into a fund must be used only for the purposes which such fund has been 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, the following noncompliance was noted.

At December 31, 2021, the Street and Construction Maintenance and Repair Fund had a deficit fund balance of \$782 and the Parks and Recreation Fund had a deficit fund balance of \$1,021.

At December 31, 2022, the Street and Construction Maintenance and Repair Fund had a deficit fund balance of \$15,377 and the Parks and Recreation Fund had a deficit fund balance of \$1,548.

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

A procedure and control, such as the Village 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.

Officials' Response :

The Village will strive to correct this in the future.

FINDING NUMBER 2022-004

Noncompliance/Material Weakness

Ohio Rev. Code § 5705.36(A)(1) provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority. The budget commission, taking into consideration the balances and revenues to be derived from taxation and other sources, shall revise its estimate of the amounts that will be credited to each fund from such sources, and shall certify to the taxing authority of each subdivision an amended official certificate of estimated resources.

Due to the lack of controls over the budgetary cycle, the Fiscal Officer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission in 2021. This was not detected by the Village due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Failure to obtain the required amended certificate of estimated resources can lead to improper budgeting and limits the effectiveness of management monitoring.

The Village should establish and implement controls over the budgetary cycle. The Fiscal Officer should, on or about the first day of each fiscal year, certify to the county auditor the total amount from all sources available for expenditures from each fund and obtain the approved amended certificate of estimated resources.

Officials' Response :

The Village will strive to correct this in the future.

FINDING NUMBER 2022-005

Noncompliance/Material Weakness

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the county budget commission. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

Due to the lack of control over the budgetary cycle, the following noncompliance was noted. For the year 2019 the Village's appropriations exceeded the amount certified as available by the budget commission in the Fire Fund by \$463 (.9%) and Fire Truck Levy Fund by \$2,964 (8%).

For the year 2021, although the Village did approve an appropriation measure for 2021, they did not file their appropriations with the County Auditor's Office in order to receive the certificate that total appropriations did not exceed the total official estimate or amended official estimate. As such, all appropriations were in excess of estimated resources for 2021.

Failure to file appropriations with the County Auditor to obtain a certificate that total appropriations from each fund did not exceed official estimates could result in appropriation measures being invalid. In addition, failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the

FINDING NUMBER 2022-005
(Continued)

Village's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Village should draft, approve, and implement procedures to ensure appropriation measures are filed with the County Auditor to obtain the certificate that total appropriations do not exceed estimated resources. The Village should also draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by Village Council to reduce the appropriations.

Officials' Response :

The Village will strive to correct this in the future.

FINDING NUMBER 2022-006

Noncompliance/Material Weakness

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Fire Fund had expenditures in excess of appropriations of \$989 as of December 31, 2019.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Law Enforcement Trust Fund had expenditures in excess of appropriations of \$1,200 as of December 31, 2020.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Street and Construction Maintenance and Repair Fund, Parks and Recreation Fund, and Fire Fund had expenditures in excess of appropriations of \$19,011, \$1,091, and \$3,239, as of December 31, 2021, respectively.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Street and Construction Maintenance and Repair Fund, Parks and Recreation Fund, and Fire Fund had expenditures in excess of appropriations of \$28,275, \$992, and \$48,835, as of December 31, 2022, respectively.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response :

The Village will strive to correct this in the future.

FINDING NUMBER 2022-007

Material Weakness

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, 2020 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 (\$30,345). However, auditors were able to identify errors as items not posted correctly to the accounting system.

The December 31, 2021 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 as well . However, auditors were able to identify errors as items not posted correctly to the accounting system.

The December 31, 2022 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 and 2021. 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.

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 and/or other administrator should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Officials' Response :

The Village will strive to correct this in the future.

FINDING NUMBER 2022-008

Material Weakness

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 cycle, the following payroll related disbursements issues were noted:

- In 2020, we noted two employees, out of twenty-six tested (7%), paid at a lower rate than was approved.
- In 2020, three payroll checks, out of twenty-six tested (11%), were issued with no timesheet on file to support hours worked. The hours were indicated in the UAN system, but a timesheet was not on file.
- In 2020, two council members were overpaid \$200 each due to the Village Fiscal Officer paying them for attendance of meetings and not paying them by month, which was the approved method.
- In 2021, payroll was not processed through the UAN system. Instead, the Fiscal Officer ran the payroll through a test mode and that data did not stay in UAN. As such, the 2021 payroll information was never accurately documented as to employee withholdings in the UAN system.
- 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, there was a lack of documentation of leave dates in personnel records or minutes. This made it difficult to determine when an employee's pay should have ceased.
- Throughout the audit period, the Village could provide no personnel contracts for any of the fiscal officers that were hired.

Throughout the audit period, OPERS remittances were not paid in the proper amount or timely. These types of payroll processing failures could lead to an array of questions to the accuracy of pay for various individuals. Failure to pay and report retirement system withholdings timely and in the proper amount could result in penalties and interest being assessed.

The Village should adopt and implement 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 :

The Village will strive to correct this in the future.

FINDING NUMBER 2022-009

Material Weakness

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.

FINDING NUMBER 2022-009
(Continued)

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 2022 through 2019, 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:

Variances between estimated receipt amounts from the Amended Certificate of Estimated Resources and amounts recorded in the UAN system at December 31, 2019 were as follows:

Fund Name	Approved Amount	UAN Amount	Variance
General Fund - 1000	\$220,889	\$259,829	(\$38,940)
Street Construction Fund - 2011	\$51,000	\$59,694	(\$8,694)
State Highway Fund - 2021	\$6,000	\$17,330	(\$11,330)
Motor Vehicle License - 2012	\$5,000	\$15,948	(\$10,948)
Fire Fund - 2901	\$14,271	\$54,682	(\$40,411)
Fire Truck Levy -2902	\$10,998	\$48,577	(\$37,579)
Parks and Recreation - 2041	\$500	\$862	(\$362)
Enforcement and Education - 2271	\$150	\$3,769	(\$3,619)
Computer Fund - 2031	\$1,500	\$2,728	(\$1,228)
Law Enforcement Trust Fund - 2091	\$0	\$1,001	(\$1,001)
Permissive Sales Tax Fund - 2111	\$7,000	\$15,285	(\$8,285)
Drug Law Enforcement Fund - 2081	\$0	\$8,800	(\$8,800)

FINDING NUMBER 2022-009
(Continued)

Variations between estimated receipt amounts from the Amended Certificate of Estimated Resources and amounts recorded in the UAN system at December 31, 2020 were as follows:

Fund Name	Approved Amount	UAN Amount	Variance
General Fund - 1000	\$221,516	\$281,747	(\$60,231)
Street Construction Fund - 2011	\$51,000	\$62,800	(\$11,800)
State Highway Fund - 2021	\$6,000	\$17,329	(\$11,329)
Motor Vehicle License - 2012	\$7,000	\$15,948	(\$8,948)
Fire Fund - 2901	\$16,000	\$57,969	(\$41,969)
Fire Truck Levy -2902	\$14,000	\$48,514	(\$34,514)
Parks and Recreation - 2041	\$500	\$900	(\$400)
Enforcement and Education - 2271	\$150	\$907	(\$757)
Computer Fund - 2031	\$1,500	\$2,800	(\$1,300)
Cares Act - 2272	\$0	\$61,210	(\$61,210)
Indigent Fund - 2031	\$0	\$100	(\$100)
Law Enforcement Trust Fund - 2091	\$0	\$2,000	(\$2,000)
Permissive Sales Tax Fund - 2111	\$7,000	\$8,271	(\$1,271)
Drug Law Enforcement Fund - 2081	\$0	\$8,800	(\$8,800)

Variations between estimated receipt amounts from the Amended Certificate of Estimated Resources and amounts recorded in the UAN system at December 31, 2021 were as follows:

Fund Name	Approved Amount	UAN Amount	Variance
General Fund - 1000	\$0	\$278,055	(\$278,055)
Street Construction Fund - 2011	\$0	\$26,000	(\$26,000)
State Highway Fund - 2021	\$0	\$10,000	(\$10,000)
Motor Vehicle License - 2012	\$0	\$3,000	(\$3,000)
Fire Fund - 2901	\$0	\$14,000	(\$14,000)
Fire Truck Levy -2902	\$0	\$11,000	(\$11,000)
Parks and Recreation - 2041	\$0	\$1,500	(\$1,500)
Enforcement and Education - 2271	\$0	\$500	(\$500)
Computer Fund - 2031	\$0	\$5,403	(\$5,403)
Cares Act - 2272	\$0	\$2,056	(\$2,056)
Indigent Fund - 2032	\$0	\$250	(\$250)
Law Enforcement Trust Fund - 2091	\$0	\$1,600	(\$1,600)
ARPA-NEU - 2151	\$0	\$36,768	(\$36,768)
Permissive Sales Tax Fund - 2111	\$0	\$5,000	(\$5,000)
Drug Law Enforcement Fund - 2081	\$0	\$200	(\$200)

FINDING NUMBER 2022-009
(Continued)

Variations between estimated receipt amounts from the Amended Certificate of Estimated Resources and amounts recorded in the UAN system at December 31, 2022 were as follows:

Fund Name	Approved Amount	UAN Amount	Variance
General Fund - 1000	\$265,895	\$310,000	(\$44,105)
Street Construction Fund - 2011	\$51,000	\$61,225	(\$10,225)
State Highway Fund - 2021	\$6,000	\$4,400	\$1,600
Motor Vehicle License - 2012	\$7,000	\$3,025	\$3,975
Fire Fund - 2901	\$16,000	\$12,100	\$3,900
Fire Truck Levy -2902	\$14,000	\$15,200	(\$1,200)
Computer Fund - 2031	\$1,500	\$200	\$1,300
ARPA-NEU Fund - 2151	\$0	\$36,768	(\$36,768)
Permissive Sales Tax Fund - 2111	\$7,000	\$7,700	(\$700)

Variations between approved budgetary appropriation amounts and amounts recorded in the UAN system at December 31, 2019 were as follows:

Fund Name	Approved Amount	UAN Amount	Variance
General Fund - 1000	\$312,585	\$259,829	\$52,756
Street Construction Fund - 2011	\$61,683	\$59,694	\$1,989
State Highway Fund - 2021	\$11,509	\$17,330	(\$5,821)
Motor Vehicle License - 2012	\$6,867	\$15,948	(\$9,081)
Fire Fund - 2901	\$53,526	\$54,682	(\$1,156)
Fire Truck Levy -2902	\$38,508	\$48,577	(\$10,069)
Parks and Recreation - 2041	\$758	\$862	(\$104)
Enforcement and Education - 2271	\$4,385	\$3,769	\$616
Computer Fund - 2031	\$5,934	\$2,728	\$3,206
Permissive Sales Tax Fund - 2111	\$20,945	\$15,285	\$5,660
Drug Law Enforcement Fund - 2081	\$7,085	\$8,800	(\$1,715)

Variations between approved budgetary appropriation amounts and amounts recorded in the UAN system at December 31, 2020 were as follows:

**FINDING NUMBER 2022-009
 (Continued)**

Fund Name	Approved Amount	UAN Amount	Variance
General Fund - 1000	\$366,348	\$370,857	(\$4,509)
Street Construction Fund - 2011	\$75,415	\$72,780	\$2,635
State Highway Fund - 2021	\$12,695	\$17,329	(\$4,634)
Motor Vehicle License - 2012	\$7,039	\$15,948	(\$8,908)
Fire Fund - 2901	\$17,658	\$54,682	(\$37,024)
Fire Truck Levy -2902	\$35,605	\$48,579	(\$12,974)
Parks and Recreation - 2041	\$597	\$862	(\$265)
Enforcement and Education - 2271	\$3,504	\$3,769	(\$265)
Computer Fund - 2031	\$7,087	\$8,201	(\$1,114)
Permissive Sales Tax Fund - 2111	\$20,712	\$15,986	\$4,726
Cares Act Fund - 2272	\$0	\$61,210	(\$61,210)
Drug Law Enforcement Fund - 2081	\$4,675	\$8,820	(\$4,145)
Law Enforcement Trust Fund - 2091	\$0	\$4,825	(\$4,825)

Variations between approved budgetary appropriation amounts and amounts recorded in the UAN system at December 31, 2021 were as follows:

Fund Name	Approved Amount	UAN Amount	Variance
General Fund - 1000	\$440,600	\$435,600	\$5,000
Motor Vehicle License Fund - 2012	\$5,000	\$7,500	(\$2,500)
Street Highway Fund - 2021	\$9,000	\$8,000	\$1,000
Indigent Fund - 2031	\$0	\$250	(\$250)
Fire Fund - 2901	\$10,400	\$13,900	(\$3,500)

Variations between approved budgetary appropriation amounts and amounts recorded in the UAN system at December 31, 2022 were as follows:

Fund Name	Approved Amount	UAN Amount	Variance
Fire Fund - 2901	\$12,400	\$12,000	\$400
Computer Fund - 2031	\$4,000	\$3,600	\$400
Permissive Sales Tax Fund - 2111	\$25,500	\$23,500	\$2,000
ARPA-NEU Grant Fund - 2151	\$0	\$20,000	(\$20,000)

FINDING NUMBER 2022-009
(Continued)

The Village did not have control 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 establish and implement control procedures to ensure they 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 :

The Village will strive to correct this in the future.

FINDING NUMBER 2022-010

Material Weakness

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.

In order to achieve proper financial reporting, all local public offices shall 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 (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

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

Due to deficiencies in internal control related to financial reporting, the Village misclassified and misposted various receipts, disbursements, and fund balances in the annual financial report submitted to the Auditor of State for fiscal years 2022, 2021, 2020, and 2019. Some of these errors were not material and as such, are not listed below and were not adjusted on the financial statements. However, the following misstatements occurred and had to be adjusted on the financial statements and Village accounting system as agreed to by management:

As of December 31, 2022:

- Mayor's Court Activity was not included as a Custodial Fund Statement in the Hinkle Compilation. This caused the understatement of both amounts collected and amount distributed of \$142,646.
- OPWC on behalf of payments in the amount of \$38,515 was not recorded, thus understating Intergovernmental Receipts and Capital Outlay Disbursements for the Capital Projects Fund.

FINDING NUMBER 2022-010
(Continued)

- Capital Outlay disbursements of \$8,948 in the Fire Truck Levy Fund were misposted as Other Financing Uses.
- Tax Receipts of \$8,752 in the Permissive Sales Tax Fund were misposted as Intergovernmental Receipts.
- Insurance Proceeds Receipts of \$65,991 in the Fire Fund were misposted as Miscellaneous Receipts.
- Outlay disbursements of \$10,665 in the Street Construction, Maintenance and Report Fund were misposted as Transportation.
- Capital Outlay disbursements of \$9,000 from the Permissive Sale Tax Fund were misposted as Transportation.

As of December 31, 2021:

- Mayor's Court Activity was not included as a Custodial Fund Statement in the Hinkle Compilation. This caused the understatement of both amounts collected and amount distributed of \$292,826.
- Lease Purchase Proceeds in the amount of \$33,534 was unrecorded in the General Fund. The corresponding capital outlay disbursement was also unrecorded. In the Street Construction, Maintenance, and Repair Fund (#2011), lease purchase proceeds in the amount of \$10,017 was unrecorded. The corresponding capital outlay disbursement was also unrecorded.
- Capital Outlay disbursements of \$30,000 in the Street Construction, Maintenance, and Repair Fund were misposted as Transportation.
- Capital Outlay disbursements of \$6,920 in the Fire Truck Levy Fund were misposted as Other Financing Uses.

As of December 31, 2020:

- Mayor's Court Activity was not included as a Custodial Fund Statement in the Hinkle Compilation. This caused the understatement of both amounts collected and amount distributed of \$150,682.
- Lease Purchase Proceeds in the amount of \$68,038 was unrecorded in the General Fund. The corresponding capital outlay disbursement was also unrecorded.
- Gasoline Tax intergovernmental receipts in the amount of \$20,391 was recorded as Miscellaneous Receipts in the General Fund, thus overstating miscellaneous receipts in the General Fund and understating Intergovernmental receipts in Street Construction, Maintenance, and Repair Fund (#2011).
- Intergovernmental Receipts of \$66,210 in the CARES Act Fund was misposted as Other Financing Sources.
- Reallocation of CARES Act Funding in the amount \$42,755 was misposted resulting in an overstatement of both Intergovernmental Receipts and General Government Disbursements in the CARES Act Fund.

FINDING NUMBER 2022-010
(Continued)

As of December 31, 2019:

- Mayor's Court Activity was not included as an Agency Fund Statement in the Hinkle Compilation. This caused the understatement of both amounts collected and amount distributed of \$207,664 and \$210,739 respectively.
- Fines , Licenses, and Permits of \$9,075 in the Street Construction, Maintenance, and Repair Fund were misposted as Miscellaneous Receipts.

This resulted in audit adjustments and reclassifications to the financial statements to which management agreed. Any fund balance adjustments have been posted to the Village's accounting system.

To ensure the Village's financial statements and notes to 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 :

The Village 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, 2022 - 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material Weakness – Sound Financial Reporting	Not corrected	Reissued as Finding #2022-010

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 6/10/2025

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