



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF CHAUNCEY  
ATHENS COUNTY

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Chauncey  
Athens County  
42 Converse Street, P.O. Box 227  
Chauncey, Ohio 45719-0227

To the Village Council:

We have audited the accompanying financial statements of the Village of Chauncey, Athens County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of Chauncey, Athens County, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

April 29, 2002

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 33,610	\$	\$ 33,610
Intergovernmental Receipts	55,585	31,109	86,694
Fines, Licenses, and Permits	6,112		6,112
Earnings on Investments	398	886	1,284
Miscellaneous	6,518		6,518
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	102,223	31,995	134,218
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	36,460	6,183	42,643
Leisure Time Activities	17,517		17,517
Transportation		7,266	7,266
General Government	64,283		64,283
Debt Service:			
Principal Payments		5,379	5,379
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	118,260	18,828	137,088
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(16,037)	13,167	(2,870)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In	12,000		12,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	12,000	0	12,000
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,037)	13,167	9,130
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	11,002	39,008	50,010
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$ 6,965</b>	<b>\$ 52,175</b>	<b>\$ 59,140</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 226,562	\$	\$ 226,562
Miscellaneous	5,121		5,121
Total Operating Cash Receipts	<u>231,683</u>	<u>0</u>	<u>231,683</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	64,429		64,429
Transportation	1,925		1,925
Contractual Services	71,513		71,513
Supplies and Materials	11,197		11,197
Total Operating Cash Disbursements	<u>149,064</u>	<u>0</u>	<u>149,064</u>
Operating Income/(Loss)	<u>82,619</u>	<u>0</u>	<u>82,619</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts		6,982	6,982
Total Non-Operating Cash Receipts	<u>0</u>	<u>6,982</u>	<u>6,982</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	37,593		37,593
Other Non-Operating Cash Disbursements	9,839	7,702	17,541
Total Non-Operating Cash Disbursements	<u>47,432</u>	<u>7,702</u>	<u>55,134</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers and Advances	<u>35,187</u>	<u>(720)</u>	<u>34,467</u>
Transfers-Out	<u>(12,000)</u>		<u>(12,000)</u>
Net Cash Receipts Over/(Under) Cash Disbursements	23,187	(720)	22,467
Fund Cash Balances, January 1	<u>91,878</u>	<u>792</u>	<u>92,670</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 115,065</u></b>	<b><u>\$ 72</u></b>	<b><u>\$ 115,137</u></b>

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



**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 31,140	\$	\$ 31,140
Intergovernmental Receipts	42,280	32,948	75,228
Charges for Services	1,200		1,200
Fines, Licenses, and Permits	11,898		11,898
Miscellaneous	4,740	5,640	10,380
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	91,258	38,588	129,846
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	43,182	5,485	48,667
Leisure Time Activities	11,170		11,170
Transportation		13,204	13,204
General Government	59,902	4,162	64,064
Debt Service:			
Principal Payments		5,375	5,375
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	114,254	28,226	142,480
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(22,996)	10,362	(12,634)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In	12,000		12,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	12,000	0	12,000
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,996)	10,362	(634)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	21,998	28,646	50,644
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$ 11,002</b>	<b>\$ 39,008</b>	<b>\$ 50,010</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 236,259	\$	\$ 236,259
Miscellaneous	7,188		7,188
Total Operating Cash Receipts	<u>243,447</u>	<u>0</u>	<u>243,447</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	65,270		65,270
Contractual Services	110,249		110,249
Supplies and Materials	27,661		27,661
Total Operating Cash Disbursements	<u>203,180</u>	<u>0</u>	<u>203,180</u>
Operating Income/(Loss)	<u>40,267</u>	<u>0</u>	<u>40,267</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	1,242	11,559	12,801
Total Non-Operating Cash Receipts	<u>1,242</u>	<u>11,559</u>	<u>12,801</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	37,770		37,770
Other Non-Operating Cash Disbursements	4,511	15,871	20,382
Total Non-Operating Cash Disbursements	<u>42,281</u>	<u>15,871</u>	<u>58,152</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers and Advances	<u>(772)</u>	<u>(4,312)</u>	<u>(5,084)</u>
Transfers-In	3,800		3,800
Transfers-Out	<u>(15,800)</u>		<u>(15,800)</u>
Net Cash Receipts Over/(Under) Cash Disbursements	(12,772)	(4,312)	(17,084)
Fund Cash Balances, January 1	<u>104,650</u>	<u>5,104</u>	<u>109,754</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 91,878</u></b>	<b><u>\$ 792</u></b>	<b><u>\$ 92,670</u></b>

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

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Chauncey, Athens County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council, and an elected Mayor and Clerk. The Village provides general governmental services, including maintenance of streets, police protection, fire protection, and water and sewer utility services. The Village appropriates General Fund money to support a volunteer fire department.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Village Clerk invests all available funds of the Village in an interest-bearing checking account.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

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

VILLAGE OF CHAUNCEY  
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

*Permissive Tax Fund* - This fund receives additional motor vehicle license tax money for constructing, maintaining, and repairing Village Streets.

3. Enterprise Funds

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

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

4. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

*Mayor's Court Fund* - This fund accounts for the financial activity of the Mayor's Court and is classified as an Agency Fund.

E. Budgetary Process

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

1. 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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2001	2000
Demand deposits	\$ 174,277	\$ 142,680

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000, follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 134,998	\$ 114,223	\$ (20,775)
Special Revenue	41,993	31,995	(9,998)
Enterprise	322,122	231,683	(90,439)
Total	\$ 499,113	\$ 377,901	\$ (121,212)

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 116,000	\$ 118,260	\$ (2,260)
Special Revenue	81,000	18,828	62,172
Enterprise	414,000	208,496	205,504
Total	<u>\$ 611,000</u>	<u>\$ 345,584</u>	<u>\$ 265,416</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 127,302	\$ 103,258	\$ (24,044)
Special Revenue	27,398	38,588	11,190
Enterprise	324,600	248,489	(76,111)
Total	<u>\$ 479,300</u>	<u>\$ 390,335</u>	<u>\$ (88,965)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 150,726	\$ 114,254	\$ 36,472
Special Revenue	54,618	28,226	26,392
Enterprise	414,897	272,661	142,236
Total	<u>\$ 620,241</u>	<u>\$ 415,141</u>	<u>\$ 205,100</u>

Estimated resources exceeded actual revenue and appropriations were greater than actual revenue plus unencumbered cash at December 31, 2001 and 2000, in several funds. Budgetary expenditures exceeded appropriation authority in the General Fund and Water Fund at the legal level of control for the years ended December 31, 2001 and 2000.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loans	\$ 401,705	0.00%
Water System Revenue Bonds R-1	76,000	5.00%
Water System Revenue Bonds R-2	48,000	7.88%
Dump Truck Loan	1,316	4.00%
Mower Loan	2,857	3.90%
Total	\$ 529,878	

The Ohio Public Works Commission (OPWC) loans relate to wastewater treatment plant/collection system improvements. The loans will be repaid in interest free semiannual installments over 20 years. The loans will be repaid from utility revenues.

The Water System Revenue Bonds relate to improvements to the water distribution system for Village residents. The bonds will be repaid in semiannual installments over 40 years from water revenues.

The Dump Truck Loan relates to the purchase of a dump truck for the Village. The loan will be repaid in monthly installments over 4 years. The Mower Loan relates to the purchase of a commercial mower. The loan will be paid in monthly installments over 4 years. The full faith and credit of the Village has been pledged to repay these debts.

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

	OPWC LOANS	Water Revenue Bonds R-1	Water Revenue Bonds R-2	Dump Truck	Mower
Year Ending December 31:					
2002	\$ 26,834	\$ 5,700	\$ 4,701	\$ 1,581	\$ 2,666
2003	26,834	5,600	4,623		248
2004	26,834	5,500	4,544		
2005	26,834	5,400	4,465		
2006	26,834	6,250	4,386		
Subsequent	267,535	92,500	71,979		
Total	\$ 401,705	\$ 120,950	\$ 94,698	\$ 1,581	\$ 2,914

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Insurance

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.



VILLAGE OF CHAUNCEY  
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

7. RISK MANAGEMENT (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2000 (the latest information available):

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$17,112,129	\$15,295,389
Liabilities	<u>7,715,035</u>	<u>6,636,543</u>
Retained earnings	<u>\$9,397,094</u>	<u>\$8,658,846</u>
<u>Property Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$1,575,614	\$1,118,222
Liabilities	<u>281,561</u>	<u>279,871</u>
Retained earnings	<u>\$1,294,053</u>	<u>\$838,351</u>

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STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Chauncey  
Athens County  
42 Converse Street, P.O. Box 227  
Chauncey, Ohio 45719-0227

To the Village Council:

We have audited the accompanying financial statements of the Village of Chauncey, Athens County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 29, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2001-30705-001 through 2001-30705-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 29, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 29, 2002.

This report is intended solely for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

April 29, 2002

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

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

**FINDING NUMBER 2001-30705-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.36 allows all subdivisions to request reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be less than the amount in the official certificate of estimated resources. The Village must request a reduced amended certificate when actual receipts plus January 1 unencumbered cash will be less than amounts appropriated.

Estimated resources exceeded actual revenue plus unencumbered cash and appropriations were greater than actual revenue plus unencumbered cash at December 31, 2001, as follows:

Fund	Total Estimated Resources	Actual Revenue Plus Unencumbered Cash	Appropriation Authority
General	\$150,726	\$126,682	\$150,726
State Highway	\$15,528	\$10,320	\$15,528
Permissive Tax	\$12,560	\$11,408	\$12,560
Sewer	\$315,839	\$227,665	\$301,187

Estimated resources exceeded actual revenue plus unencumbered cash and appropriations were greater than actual revenue plus unencumbered cash at December 31, 2000, as follows:

Fund	Total Estimated Resources	Actual Revenue Plus Unencumbered Cash	Appropriation Authority
General	\$43,500	\$42,633	\$43,500
State Highway	\$18,000	\$10,751	\$18,000
Permissive Tax	\$19,500	\$17,620	\$19,500
Sewer	\$306,000	\$195,535	\$306,000

This could result more money being appropriated than will actually be available for expenditure.

We recommend the Village Clerk monitor estimated and actual revenues for all funds on a regular basis. In the situation where budgeted revenue exceeds actual revenue and appropriations exceed actual revenue, a reduced amended certificate must be obtained and appropriations adjusted accordingly.

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**FINDING NUMBER 2001-30705-002**

**Noncompliance Citation**

Ohio Rev. Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

We found that expenditures exceeded appropriations at the legal level of control as of December 31, 2001 in the following fund and line items:

Fund	Line Item	Appropriation Authority	Budgetary Expenditures	Variance
General	Parks	\$2,000	\$17,316	(\$15,316)
General	Boards and Commissions	\$4,000	\$11,960	(\$7,960)
General	Legislative Activities	\$2,000	\$3,000	(\$1,000)
General	Lands and Buildings	\$3,000	\$3,990	(\$990)

We found that expenditures exceeded appropriations at the legal level of control as of December 31, 2000 in the following funds and line items:

Fund	Line Item	Appropriation Authority	Budgetary Expenditures	Variance
General	Police Benefits	\$500	\$4,342	(\$3,842)
Water	Supplies and Materials	\$11,000	\$13,181	(\$2,181)

We recommend the Village routinely monitor the appropriations and expenditures to ensure that expenditures do not exceed appropriations.

**FINDING NUMBER 2001-30705-003**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**  
**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2001-30705-003 (Continued)**

**Noncompliance Citation (Continued)**

**Ohio Rev. Code Section 5705.41(D) (Continued)**

The following exceptions to this basic requirement are provided by statute:

- ▶ “Then and Now Certificate”: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- ▶ Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

During the audit period, 70% of the expenditures tested did not have the prior certification of the Village Clerk. This could result in the Village spending more money than what is available.

We recommend the Village obtain the prior certification of the Village Clerk before an obligation is incurred.

**FINDING NUMBER 2001-30705-004**

**Finding for Recovery**

Ohio Rev. Code Section 2743.70 requires the Court in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, to impose and collect additional costs to be used for the State's Reparations Fund. All such moneys collected during a month shall be transmitted on or before the twentieth day of the following month by the Clerk of the Court to the Treasurer of State and deposited by the Treasurer in the Reparations Fund.

During 2000 and a portion of 2001, the Village collected but failed to remit to the State of Ohio the \$9 in additional costs imposed by this Section. As a result, the Village underpaid the State of Ohio \$1,143 from Mayors Court collections in 2000 and \$117 from Mayor's Court collections in 2001.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for money collected but not remitted is hereby issued against the General Fund of the Village Treasury, in the amount of \$1,260, and in favor of the Treasury of the State of Ohio, Reparations Fund.

**VILLAGE OF CHAUNCEY  
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-30705-001	A material noncompliance citation under Ohio Rev. Code Section 5705.38.	Yes	N/A
1999-30705-002	A material noncompliance citation under Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations.	No	Not Corrected:  This is repeated in the Schedule of Findings as item 2001-30705-002.
1999-30705-003	A material noncompliance citation under Ohio Rev. Code Section 5705.41(D) for not obtaining the prior certification of the Clerk.	No	Not Corrected:  This is repeated in the Schedule of Findings as item 2001-30705-003.
1999-30705-004	A material weakness for incomplete and/or inaccurate Mayor's Court records.	Yes	N/A





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**VILLAGE OF CHAUNCEY**

**ATHENS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 2, 2002**