



**CHESTER TOWNSHIP
MEIGS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CHESTER TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Chester Township
Meigs County
P.O. Box 46
Chester, Ohio 45720-0046

To the Board of Trustees:

We have audited the accompanying financial statements of Chester Township, Meigs County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 Township 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 Chester Township, Meigs County, as of December 31, 1999 and 1998, 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 June 6, 2000, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the management, the Board of Trustees and other officials authorized to receive this report under § 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".

Jim Petro
Auditor of State

June 6, 2000

**CHESTER TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Nonexpendable Trust	
Cash Receipts:					
Local Taxes	\$19,043	\$45,224	\$	\$	\$64,267
Intergovernmental	56,397	80,534			136,931
Licenses, Permits, and Fees		1,200			1,200
Earnings on Investments	1,804	1,571		192	3,567
Other Revenue	1,672	670			2,342
Total Cash Receipts	78,916	129,199	0	192	208,307
Cash Disbursements:					
Current:					
General Government	49,633				49,633
Public Safety	300				300
Public Works		191,436			191,436
Health		14,452			14,452
Human Services		134			134
Capital Outlay		5,000			5,000
Total Cash Disbursements	49,933	211,022	0	0	260,955
Total Receipts Over/(Under) Disbursements	28,983	(81,823)	0	192	(52,648)
Other Financing Receipts/(Disbursements):					
Transfers-In		15,000			15,000
Transfers-Out	(15,000)				(15,000)
Total Other Financing Receipts/(Disbursements)	(15,000)	15,000	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	13,983	(66,823)	0	192	(52,648)
Fund Cash Balances, January 1	10,585	109,342	277	3,577	123,781
Fund Cash Balances, December 31	\$24,568	\$42,519	\$277	\$3,769	\$71,133

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

**CHESTER TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Nonexpendable Trust	
Cash Receipts:					
Local Taxes	\$15,365	\$41,305	\$	\$	\$56,670
Intergovernmental	34,011	261,552			295,563
Licenses, Permits, and Fees		1,950			1,950
Earnings on Investments	645	1,290		192	2,127
Other Revenue	8,727	23,543			32,270
Total Cash Receipts	58,748	329,640	0	192	388,580
Cash Disbursements:					
Current:					
General Government	47,926	2,144			50,070
Public Works		265,672			265,672
Health		19,978			19,978
Human Services		181			181
Total Cash Disbursements	47,926	287,975	0	0	335,901
Total Receipts Over/(Under) Disbursements	10,822	41,665	0	192	52,679
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets		5,000			5,000
Transfers-In		8,000			8,000
Transfers-Out	(8,000)				(8,000)
Other Sources		30,175			30,175
Other Uses		(30,175)			(30,175)
Total Other Financing Receipts/(Disbursements)	(8,000)	13,000	0	0	5,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,822	54,665	0	192	57,679
Fund Cash Balances, January 1	7,763	54,677	277	3,385	66,102
Fund Cash Balances, December 31	\$10,585	\$109,342	\$277	\$3,577	\$123,781

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

**CHESTER TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Chester Township, Meigs County, 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 Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, and fire protection.

The Township's management believes these financial statements present all activities for which the Township 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township 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 (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money to construct, maintain and repair Township roads.

Road and Bridge Fund - This fund receives property tax money to construct, maintain and repair Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

**CHESTER TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Special Levy Fund - This fund receives property tax money to provide fire protection through contracts with other governmental entities.

Cemetery Special Levy Fund - This fund receives property tax money to maintain Township cemeteries.

Federal Emergency Management Agency (FEMA) Funds - This fund received reimbursement monies from the Federal Emergency Management Agency for flood relief.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Bond (Note) Retirement Fund - This fund maintains a balance from debt extinguished prior to 1998.

4. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township 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 Township is acting as an agency are classified as agency funds. The Township had the following significant Fiduciary Fund:

Nonexpendable Trust Fund

Cemetery Bequest Fund - This fund receives money from interest on a certificate of deposit in the amount of \$3,000 to maintain and upkeep specific graves and cemeteries.

E. Budgetary Process

The Ohio Revised Code requires that each fund 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 Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**CHESTER TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

3. Encumbrances

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

A summary of 1999 and 1998 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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township 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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$68,133	\$120,781
Certificates of deposit	<u>3,000</u>	<u>3,000</u>
Total deposits	<u>\$71,133</u>	<u>\$123,781</u>

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

CHESTER TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$66,856	\$78,916	\$12,060
Special Revenue	266,051	144,199	(121,852)
Debt Service	277	0	(277)
Fiduciary	769	192	(577)
Total	<u>\$333,953</u>	<u>\$223,307</u>	<u>(\$110,646)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$57,286	\$64,933	(\$7,647)
Special Revenue	219,471	211,022	8,449
Debt Service	277	0	277
Fiduciary	891	0	891
Total	<u>\$277,925</u>	<u>\$275,955</u>	<u>\$1,970</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,510	\$58,748	\$3,238
Special Revenue	415,277	372,815	(42,462)
Debt Service	277	0	(277)
Fiduciary	577	192	(385)
Total	<u>\$471,641</u>	<u>\$431,755</u>	<u>(\$39,886)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$49,532	\$55,926	(\$6,394)
Special Revenue	253,393	318,150	(64,757)
Debt Service	277	0	277
Fiduciary	691	0	691
Total	<u>\$303,893</u>	<u>\$374,076</u>	<u>(\$70,183)</u>

CHESTER TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

Actual expenditures exceeded the legislatively adopted appropriation measures for the General, Road and Bridge, Cemetery Special Levy and FEMA 5 Funds in 1999 and for the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, FEMA 3 and FEMA 5 Funds in 1998. This is contrary to Ohio Revised Code Section 5705.41(B).

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. 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 payment, 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 Township.

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 Township.

5. RETIREMENT SYSTEMS

All employees and officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. PERS provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township is insured with Personal Service Insurance Company. This private carrier assumes the risk of loss up to the limits of the Township's policies. Coverage is subject to deductibles and scheduled property. The following risks are covered by Personal Service Insurance Company:

- General liability and casualty
- Public Official's liability
- Vehicle
- Property
- Inland Marine

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

Chester Township
Meigs County
P.O. Box 46
Chester, Ohio 45720-0046

To the Board of Trustees:

We have audited the accompanying financial statements of Chester Township, Meigs County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 6, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 Township'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 1999-40753-001 through 1999-40753-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 6, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township'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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-40753-006.

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. 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. However, we do not believe the reportable condition described above is a material weakness. We also 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 Township in a separate letter dated June 6, 2000.

Chester Township
Meigs County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the management and the Board of Trustees, 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 fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 6, 2000

**CHESTER TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-40753-001

Noncompliance Citation

Ohio Rev. Code § 149.351 establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the Records Commissions provided for under Ohio Rev. Code § 149.38 to § 149.42.

The monthly Budget vs. Actual reports, and the Reconciliation of Interfund Transfers reports were not maintained by the Township. Also, payroll ledgers for full-time employees could not be located for the audit period. Although sufficient information was available to recreate the payroll ledgers, this could allow expenditures to be questioned or contested and possible errors and/or irregularities to occur and remain undetected for an extended period of time.

We recommend the Township maintain the necessary records and supporting documentation required by the Ohio Revised Code.

FINDING NUMBER 1999-40753-002

Noncompliance Citation

Ohio Rev. Code § 505.10 allows the Board of Township Trustees to dispose of personal property by:

- Selling property by public auction after public notice is given including time, place, and manner of sale, once a week for three weeks prior to sale, and a notice must be posted in the office of the Board for at least 10 days prior to the sale.
- Selling property by private sale if the fair market value is \$2,500 or less and the Board did not receive an acceptable offer from a public auction.
- Trade property in and have the trade-in value credited against the purchase price if the property is any of motor vehicles, road machinery, equipment, or tools.

The Township sold a dump truck by private sale for \$5,000 without accepting bids or attempt to sell by public auction. The Township may have received more revenue from accepting bids or offering by public auction.

We recommend the Township bid or auction all personal property valued at \$2,500 or more.

FINDING NUMBER 1999-40753-003

Noncompliance Citation

Ohio Rev. Code § 5705.40 states that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation.

**CHESTER TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1998 AND 1999
(Continued)**

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

**FINDING NUMBER 1999-40753-003
(Continued)**

Noncompliance Citation (Continued)

Rulings filed in the case of *C. B. Transportation, Inc. v. Butler County Board of Mental Retardation*, 60 Ohio Misc. 71, 397 N.E.2d 781 (C.P. 1979), as well as, *Burkholder v. Lauber*, 6 Ohio Misc. 152 (1965), held that a board or officer whose judgment and discretion is required, was chosen because they were deemed fit and competent to exercise that judgment and discretion and unless power to substitute another in their place has been given, such board or officer cannot delegate these duties to another. Following such reasoning, a local government's governing board would be prohibited from delegating duties statutorily assigned to it, such as the ability to amend appropriations as provided for in Ohio Rev. Code § 5705.40.

During 1998 and 1999, the Clerk made intrafund budgetary transfers from object code to object code. The Clerk and Trustees were not aware that intrafund transfers were regarded as appropriation amendments. However, since the Township adopts the annual appropriation measure at the object level, which defines the legal level of control, these transfers would be considered amendments to the appropriation measure and must follow the same processes as the original. These transfers, or amendments, were not formally adopted by the Trustees and filed with the County Auditor as required.

By allowing the Clerk to amend and supplement the appropriation measure adopted by the Trustees, management is unable to adequately measure actual results to the results originally anticipated at the beginning of the year. Furthermore, the Trustees did not approve these intrafund transfers which inhibits the Trustees from determining whether the originally anticipated results from operations varied significantly from actual results throughout the year.

We recommend that the Township Trustees approve all amended and supplemental appropriation measures in their meetings, that the record of proceedings reflect the amended or supplemented appropriations and that the amended or supplemented appropriations be filed with the County Auditor prior to posting the changes to the system. We also recommend the Township Trustees review all budgetary information posted to the UAN system for accuracy in order to assure that the Township is using the correct information in making financial decisions.

FINDING NUMBER 1999-40753-004

Noncompliance Citation

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

For the year ended December 31, 1999, actual disbursements exceeded appropriations as follows:

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$57,286	\$64,933	(\$7,647)
Road and Bridge	33,921	36,519	(2,598)
Cemetery Special Levy	18,447	19,586	(1,139)
FEMA 5	31,744	50,558	(18,814)

**CHESTER TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1998 AND 1999
(Continued)**

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

FINDING NUMBER 1999-40753-004 (Continued)

For the year ended December 31, 1998, actual disbursements exceeded appropriations as follows:

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$49,532	\$55,926	(\$6,394)
Motor Vehicle License Tax	38,909	44,350	(5,441)
Gasoline Tax	59,525	69,643	(10,118)
Road and Bridge	24,502	42,036	(17,534)
FEMA 3	15,037	25,926	(10,889)
FEMA 5	31,744	56,497	(24,753)

This occurred as a result of supplemental or incorrect appropriation information being posted to the UAN system without the approval of the Board of Trustees. The accompanying budgetary presentation, and the appropriation authority in this finding are based on amounts approved by the Board of Trustees.

We recommend that the Township review budgetary information on regular basis to ensure disbursements do not exceed appropriations and that the authorized appropriations are correctly posted to the UAN system.

FINDING NUMBER 1999-40753-005

Noncompliance Citation

Ohio Rev. Code § 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required of the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This section also provides two "exceptions" to the above requirements:

1. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
2. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of Board of Trustees.

The Township did not routinely encumber purchases prior to a commitment being made for the transactions tested for 1998 and 1999. Not properly encumbering purchase commitments could cause the Township to spend money that it does not have.

We recommend that the Township Clerk certify all obligations prior to their incurrence and payment.

**CHESTER TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1998 AND 1999
(Continued)**

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

FINDING NUMBER 1999-40753-006

Reportable Condition

The Township should utilize the UAN chart of accounts as well as the Township Handbook to determine proper posting of receipts. The Township did not properly classify all receipts such as sale of assets, intergovernmental receipts and tax receipts. Various adjustments and reclassifications were necessary, and such adjustments/reclassifications are reflected in the accompanying financial statements. In addition, adjustments proposed during the prior audit of the Township's financial statements were not posted to the system. These adjustments were repeated and are also reflected in the accompanying financial statements.

We recommend the Township Clerk utilize the UAN chart of accounts as well as the Township Handbook to determine proper posting of receipts and post all audit adjustments to the UAN system.

**CHESTER TOWNSHIP
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999 AND 1998**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1997-40753-001	Material noncompliance citation of Ohio Rev. Code Section 5705.39 regarding the 1996 and 1997 appropriations exceeding estimated resources.	Yes	N/A
1997-40753-002	Material noncompliance citation of Ohio Rev. Code Section 5705.41(B) regarding the 1996 and 1997 actual disbursements exceeding the legislatively adopted appropriation resolution.	No	Not Corrected. Citation reported in Schedule of Findings.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CHESTER TOWNSHIP

MEIGS 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 18, 2000**