

**CHESTER TOWNSHIP
MEIGS COUNTY
Regular Audit
December 31, 2009 and 2008**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

Board of Trustees
Chester Township
P.O. Box 46
Chester, Ohio 45720-0046

We have reviewed the *Independent Accountants' Report* of Chester Township, Meigs County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 25, 2010

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**CHESTER TOWNSHIP
MEIGS COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

August 20, 2010

Chester Township
Meigs County
P.O. Box 46
Chester, OH 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, 2009 and 2008. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of the State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008 or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Chester Township, Meigs County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2010, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**CHESTER TOWNSHIP
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 27,178	\$ 122,781	\$ -	\$ 149,959
Intergovernmental	162,953	136,620	-	299,573
Licenses, Permits, and Fees	-	1,821	-	1,821
Earnings on Investments	-	198	117	315
Miscellaneous	1,989	410	-	2,399
	<u>192,120</u>	<u>261,830</u>	<u>117</u>	<u>454,067</u>
Total Cash Receipts				
	<u>192,120</u>	<u>261,830</u>	<u>117</u>	<u>454,067</u>
Cash Disbursements:				
Current:				
General Government	63,142	2,303	-	65,445
Public Safety	-	64,329	-	64,329
Public Works	15,084	181,518	-	196,602
Health	-	32,831	-	32,831
Debt Service:				
Redemption of Principal	14,680	-	-	14,680
Interest and Fiscal Charges	1,391	-	-	1,391
Capital Outlay	27,622	-	-	27,622
	<u>121,919</u>	<u>280,981</u>	<u>-</u>	<u>402,900</u>
Total Cash Disbursements				
	<u>121,919</u>	<u>280,981</u>	<u>-</u>	<u>402,900</u>
Total Cash Receipts Over/(Under) Disbursements	<u>70,201</u>	<u>(19,151)</u>	<u>117</u>	<u>51,167</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	-	3,400	-	3,400
	<u>-</u>	<u>3,400</u>	<u>-</u>	<u>3,400</u>
Total Other Financing Receipts/(Disbursements)				
	<u>-</u>	<u>3,400</u>	<u>-</u>	<u>3,400</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	70,201	(15,751)	117	54,567
Fund Cash Balances, January 1 (Restated See Note 7)	71,234	51,156	3,885	126,275
Fund Cash Balances, December 31	<u>\$ 141,435</u>	<u>\$ 35,405</u>	<u>\$ 4,002</u>	<u>\$ 180,842</u>
Reserve for Encumbrances, December 31	<u>\$ 2,660</u>	<u>\$ 4,301</u>	<u>\$ -</u>	<u>\$ 6,961</u>

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

**CHESTER TOWNSHIP
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 28,442	\$ 98,409	\$ -	\$ 126,851
Intergovernmental	151,314	116,800	-	268,114
Licenses, Permits, and Fees	-	2,230	-	2,230
Earnings on Investments	354	63	117	534
Miscellaneous	1,740	5,189	-	6,929
	<u>181,850</u>	<u>222,691</u>	<u>117</u>	<u>404,658</u>
Total Cash Receipts				
	<u>181,850</u>	<u>222,691</u>	<u>117</u>	<u>404,658</u>
Cash Disbursements:				
Current:				
General Government	61,866	1,127	-	62,993
Public Safety	300	974	-	1,274
Public Works	30,458	191,695	-	222,153
Health	-	32,466	-	32,466
Debt Service:				
Redemption of Principal	33,453	10,552	-	44,005
Interest and Fiscal Charges	2,252	952	-	3,204
	<u>128,329</u>	<u>237,766</u>	<u>-</u>	<u>366,095</u>
Total Cash Disbursements				
	<u>128,329</u>	<u>237,766</u>	<u>-</u>	<u>366,095</u>
Total Cash Receipts Over/(Under) Disbursements	<u>53,521</u>	<u>(15,075)</u>	<u>117</u>	<u>38,563</u>
Fund Cash Balances, January 1	<u>15,333</u>	<u>65,779</u>	<u>3,768</u>	<u>84,880</u>
Fund Cash Balances, December 31	<u>\$ 68,854</u>	<u>\$ 50,704</u>	<u>\$ 3,885</u>	<u>\$ 123,443</u>
Reserve for Encumbrances, December 31	<u>\$ 1,061</u>	<u>\$ 2,033</u>	<u>\$ -</u>	<u>\$ 3,094</u>

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

**CHESTER TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Chester Township, Meigs County, (the Township) 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 road and bridge maintenance and cemetery maintenance. The Township contracts with the Chester Fire Department and the Bashan Fire Department to provide fire services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits, this basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Auditor of State prescribes or permits.

C. Deposits

The Township Fiscal Officer invests funds of the Township in an interest-bearing checking account. The Township also maintains a Certificate of Deposit account.

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 reports 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 private purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**CHESTER TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

Cemetery Fund – This fund receives tax money from levies to maintain the Township’s cemeteries.

Fire Levy Fund – The Township receives tax money for emergency services including fire protection and emergency medical services.

Road District Levy Fund – This fund receives tax money for constructing, maintaining and repairing Township roads.

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township’s programs. The Township had the following significant permanent fund:

Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and up keep of the Township’s 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, and 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. Unencumbered 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.

**CHESTER TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED DEPOSITS

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

	2009	2008
Demand Deposits	\$ 177,842	\$ 120,443
Certificate of Deposit	3,000	3,000
Total Deposits	\$ 180,842	\$ 123,443

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 141,377	\$ 192,120	\$ 50,743
Special Revenue	258,731	265,230	6,499
Permanent	-	117	117
Total	\$ 400,108	\$ 457,467	\$ 57,359

**CHESTER TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY (CONTINUED)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 127,149	\$ 124,579	\$ 2,570
Special Revenue	304,352	285,282	19,070
Total	\$ 431,501	\$ 409,861	\$ 21,640

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 163,886	\$ 181,850	\$ 17,964
Special Revenue	212,453	222,691	10,238
Permanent	-	117	117
Total	\$ 376,339	\$ 404,658	\$ 28,319

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 159,334	\$ 129,390	\$ 29,944
Special Revenue	278,194	239,799	38,395
Total	\$ 437,528	\$ 369,189	\$ 68,339

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.

**CHESTER TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan 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 2009 and 2008, members of PERS contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

6. RISK MANAGEMENT

Risk Pool Membership

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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

**CHESTER TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA'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, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$2,643.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

7. PRIOR PERIOD RESTATEMENT

For the year ended December 31, 2009 beginning fund balances were restated as follows:

	General Fund	Special Revenue Funds
12/31/08 Balance	\$ 68,854	\$ 50,704
Adjustment for 2008 voided warrants	2,380	452
1/1/09 Balance	<u>\$ 71,234</u>	<u>\$ 51,156</u>

The changes in fund balances for the General and Special Revenue Funds are a result of warrants issued in 2008 and voided by the Fiscal Officer in 2009.

**CHESTER TOWNSHIP
MEIGS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

8. DEBT

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest</u>
Promissory Note - Truck	<u>\$ 15,245</u>	4.7%

The Township entered into a loan in the amount of \$70,027 in 2005 for five years, with an annual payment of \$16,071 with Peoples Bank of Pomeroy for an International Dump Truck and snow plow equipment. The Township also entered into a loan in 2007 in the amount of \$30,000 for five years, with ten semi-annual payments of \$3,433.70 with Peoples Bank of Pomeroy for construction of a pole building. This loan was paid in full as of July 11, 2008.

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

<u>Year Ending December 31:</u>	<u>Truck</u>
2010	<u>\$ 16,071</u>
Total	<u><u>\$ 16,071</u></u>

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Certified Public Accountants, A.C.

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

August 20, 2010

Chester Township
Meigs County
PO Box 46
Chester, OH 45720-0046

To the Board of Trustees:

We have audited the financial statements of **Chester Township, Meigs County**, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 20, 2010, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 and 2009-002 described in the accompanying schedule of findings to be material weaknesses.

Chester Township
Meigs County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 20, 2010.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**CHESTER TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Material Weakness

Posting Receipts and Expenditures

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

Receipts and expenditures were not always posted correctly. For example;

- Intergovernmental Tax receipts were recorded as Property & Other Local Taxes, Licenses, Permits, and Fees and Miscellaneous Income in the General Fund and Special Revenue Funds in 2009 and 2008.
- Insurance Refund and Other Miscellaneous Income was recorded as Licenses, Permits, and Fees, in the General Fund in 2009.
- Gasoline Tax receipt and Sale of Fixed Asset were recorded as Earnings on Investment in the Gasoline Tax Fund in 2009.
- Rollback Tax receipts, Miscellaneous Income, and Sale of Fixed Asset were recorded as Property & Other Local Taxes in the Road and Bridge Fund in 2009.
- Rollback and Trailer Settlement Tax receipts were recorded as Property & Other Local Taxes and Licenses, Permits, and Fees in the Special Levy Cemetery Fund in 2009.
- Gasoline Tax receipts were recorded as Property & Other Local Taxes in the General Fund, instead of Intergovernmental Tax receipts in the Gasoline Tax Fund in 2009.
- Motor Vehicle License Tax receipt was recorded as Property & Other Local Taxes in the General Fund, instead of Intergovernmental Tax receipt in the Motor Vehicle Licenses Tax Fund in 2009.
- Debt payments were posted as Principal, instead of Principal and Interest in the General Fund and Gasoline Tax Fund in 2009 and 2008.
- Interest was recorded as Property & Other Local Taxes in the Special Cemetery Fund, instead of Earnings on Investments in the Permanent Fund in 2009.
- Interest was recorded as Earnings on Investment in the General Fund, instead of Earnings on Investments in the Permanent Fund in 2008.
- Several warrants were voided incorrectly in the accounting system in 2009.

This resulted in several adjusting and reclassification entries being made to the Township's financial statements. The financial statements reflect all reclassification and adjustments, and all adjustments have been made to the Township's accounting system.

**CHESTER TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)</p>

FINDING NUMBER 2009-001 (Continued)

Posting Receipts and Expenditures (Continued)

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements. We also recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Township Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2009-002

Material Weakness

Permanent Fund

The Township combined the Cemetery Bequest Fund, Permanent Fund Type into the Cemetery Special Levy Fund, Special Revenue Fund Type in the accounting system.

This resulted in improper fund classifications being reflected on the Townships financial system and subsequent financial statements.

As a result, adjustments were made in order to fairly present the annual financial statements. The financial statements reflect this adjustment and all adjustments have been made to the Townships accounting system.

Management's Response – We did not receive a response from officials to this finding.

**CHESTER TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Rev. Code Section 5705.39 - Total appropriations from each fund shall not exceed the total estimated resources	No	Repeated in Management Letter.
2007-002	Ohio Rev. Code Section 5705.41(D) (1) - No expenditure be made unless there is a certificate of the fiscal officer	No	Repeated in the Management Letter.
2007-003	Posting Receipts and Expenditures	No	Repeated as Finding 2009-001
2007-004	Posting Estimated Revenues and Appropriations	No	Repeated in the Management Letter.
2007-005	Permanent Fund Recorded Incorrectly	No	Repeated as Finding 2009-002

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Mary Taylor, CPA
Auditor of State

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
NOVEMBER 4, 2010**