



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

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**STATE OF OHIO**



**CHESTER TOWNSHIP  
MEIGS COUNTY**

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**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

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, 2001 and 2000. 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 *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, 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 August 16, 2002 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. 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 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", with a stylized flourish at the end.

**Jim Petro**  
Auditor of State

August 16, 2002

**CHESTER TOWNSHIP  
MEIGS COUNTY**

**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, 2001**

|  | <u>Governmental Fund Types</u> |                            | <u>Fiduciary<br/>Fund Type</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|--------------------------------|----------------------------|--------------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Nonexpendable<br/>Trust</u> |   |
| <b>Cash Receipts:</b>  |                                |                            |                                |   |
| Local Taxes  | \$ 19,578                      | \$ 49,961                  | \$                             | \$ 69,539                               |
| Intergovernmental  | 36,021                         | 145,044                    |                                | 181,065                                 |
| Licenses, Permits, and Fees  |                                | 3,750                      |                                | 3,750                                   |
| Earnings on Investments  | 463                            | 920                        | 192                            | 1,575                                   |
| Other Revenue  | 2,932                          | 1,376                      |                                | 4,308                                   |
|  | <hr/>                          | <hr/>                      | <hr/>                          | <hr/>                                   |
| Total Cash Receipts  | 58,994                         | 201,051                    | 192                            | 260,237                                 |
| <b>Cash Disbursements:</b>   |                                |                            |                                |   |
| Current:   |                                |                            |                                |   |
| General Government   | 59,541                         | 5,248                      |                                | 64,789                                  |
| Public Safety  | 300                            |                            |                                | 300                                     |
| Public Works   |                                | 131,621                    |                                | 131,621                                 |
| Health   |                                | 27,151                     |                                | 27,151                                  |
| Human Services   |                                | 34                         |                                | 34                                      |
| Debt Service:  |                                |                            |                                |   |
| Note Principal Payment   |                                | 30,000                     |                                | 30,000                                  |
| Interest   |                                | 203                        |                                | 203                                     |
|  | <hr/>                          | <hr/>                      | <hr/>                          | <hr/>                                   |
| Total Cash Disbursements   | 59,841                         | 194,257                    | 0                              | 254,098                                 |
| Total Cash Receipts Over/(Under) Cash Disbursements                                    | <hr/>                          | <hr/>                      | <hr/>                          | <hr/>                                   |
|  | (847)                          | 6,794                      | 192                            | 6,139                                   |
| <b>Other Financing Sources:</b>  |                                |                            |                                |   |
| Sale of Fixed Assets   |                                | 4,053                      |                                | 4,053                                   |
|  | <hr/>                          | <hr/>                      | <hr/>                          | <hr/>                                   |
| Total Other Financing Sources  | 0                              | 4,053                      | 0                              | 4,053                                   |
| Excess of Cash Receipts and Other Financing<br>Sources Over/(Under) Cash Disbursements | <hr/>                          | <hr/>                      | <hr/>                          | <hr/>                                   |
|  | (847)                          | 10,847                     | 192                            | 10,192                                  |
| Fund Cash Balances, January 1  | <hr/>                          | <hr/>                      | <hr/>                          | <hr/>                                   |
|  | 12,570                         | 77,957                     | 3,961                          | 94,488                                  |
| <b>Fund Cash Balances, December 31</b>   | <hr/>                          | <hr/>                      | <hr/>                          | <hr/>                                   |
|  | <b>\$ 11,723</b>               | <b>\$ 88,804</b>           | <b>\$ 4,153</b>                | <b>\$ 104,680</b>                       |

*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 AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

|  | Governmental Fund Types |                    |                 | Fiduciary<br>Fund Type | Totals<br>(Memorandum<br>Only) |
|--|-------------------------|--------------------|-----------------|------------------------|--------------------------------|
|  | General                 | Special<br>Revenue | Debt<br>Service | Nonexpendable<br>Trust |                                |
| <b>Cash Receipts:</b>  |                         |                    |                 |                        |                                |
| Local Taxes  | \$ 19,263               | \$ 45,162          | \$              | \$                     | \$ 64,425                      |
| Intergovernmental  | 36,856                  | 169,387            |                 |                        | 206,243                        |
| Licenses, Permits, and Fees  |                         | 1,500              |                 |                        | 1,500                          |
| Earnings on Investments  | 510                     | 1,021              |                 | 192                    | 1,723                          |
| Other Revenue  | 1,381                   | 3,739              |                 |                        | 5,120                          |
| <b>Total Cash Receipts</b>   | <b>58,010</b>           | <b>220,809</b>     | <b>0</b>        | <b>192</b>             | <b>279,011</b>                 |
| <b>Cash Disbursements:</b>   |                         |                    |                 |                        |                                |
| Current:   |                         |                    |                 |                        |                                |
| General Government   | 54,708                  |                    |                 |                        | 54,708                         |
| Public Safety  | 300                     |                    |                 |                        | 300                            |
| Public Works   |                         | 195,555            |                 |                        | 195,555                        |
| Health   |                         | 18,053             |                 |                        | 18,053                         |
| Human Services   |                         | 199                |                 |                        | 199                            |
| Debt Service:  |                         |                    |                 |                        |                                |
| Principal Payment  |                         | 5,000              |                 |                        | 5,000                          |
| Interest Charges   |                         | 798                | 277             |                        | 1,075                          |
| Capital Outlay   |                         | 17,821             |                 |                        | 17,821                         |
| <b>Total Cash Disbursements</b>  | <b>55,008</b>           | <b>237,426</b>     | <b>277</b>      | <b>0</b>               | <b>292,711</b>                 |
| Total Cash Receipts Over/(Under) Cash Disbursements  | 3,002                   | (16,617)           | (277)           | 192                    | (13,700)                       |
| <b>Other Financing Sources/(Uses):</b>   |                         |                    |                 |                        |                                |
| Proceeds of Notes  |                         | 35,000             |                 |                        | 35,000                         |
| Sale of Fixed Assets   |                         | 2,055              |                 |                        | 2,055                          |
| Transfers-In   |                         | 15,000             |                 |                        | 15,000                         |
| Transfers-Out  | (15,000)                |                    |                 |                        | (15,000)                       |
| <b>Total Other Financing Sources/(Uses)</b>  | <b>(15,000)</b>         | <b>52,055</b>      | <b>0</b>        | <b>0</b>               | <b>37,055</b>                  |
| Excess of Cash Receipts and Other Financing<br>Sources Over/(Under) Cash Disbursements<br>and Other Financing Uses | (11,998)                | 35,438             | (277)           | 192                    | 23,355                         |
| Fund Cash Balances, January 1  | 24,568                  | 42,519             | 277             | 3,769                  | 71,133                         |
| <b>Fund Cash Balances, December 31</b>   | <b>\$ 12,570</b>        | <b>\$ 77,957</b>   | <b>\$0</b>      | <b>\$ 3,961</b>        | <b>\$ 94,488</b>               |

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



**CHESTER TOWNSHIP  
MEIGS COUNTY**

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

**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 and a publicly-elected Clerk. 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. 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**

Certificate of deposit and cash 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:

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

**CHESTER TOWNSHIP  
MEIGS 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)**

*Federal Emergency Management Agency (FEMA) Fund* – This fund receives Federal monies for flood relief.

**3. Fiduciary Fund (Trust Fund)**

This fund is used to account for resources restricted by a legally binding trust agreement. The Township had the following significant Fiduciary Fund:

*Cemetery Bequest Fund* – This fund receives interest on a certificate of deposit in the amount of \$3,000.

**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.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash balances 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. The Township 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.

**CHESTER TOWNSHIP  
MEIGS COUNTY**

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

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

**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 Township's basis of accounting.

**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:

|                         | 2001      | 2000     |
|-------------------------|-----------|----------|
| Demand deposits         | \$101,680 | \$91,488 |
| Certificates of deposit | 3,000     | 3,000    |
| Total deposits          | \$104,680 | \$94,488 |

**Deposits:** Deposits are either 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 ending December 31, 2001 and 2000 follows:

| 2001 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$52,257             | \$58,994           | \$6,737  |
| Special Revenue                   | 187,282              | 205,104            | 17,822   |
| Debt Service                      |                      |                    | 0        |
| Nonexpendable Trust               | 192                  | 192                | 0        |
| Total                             | \$239,731            | \$264,290          | \$24,559 |

| 2001 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General   | \$64,828                   | \$59,841                  | \$4,987  |
| Special Revenue                                       | 250,097                    | 194,257                   | 55,840   |
| Debt Service  |                            |                           | 0        |
| Nonexpendable Trust                                   | 1,295                      |                           | 1,295    |
| Total   | \$316,220                  | \$254,098                 | \$62,122 |

**CHESTER TOWNSHIP  
MEIGS COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

| 2000 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$52,219             | \$58,010           | \$5,791  |
| Special Revenue                   | 265,126              | 272,864            | 7,738    |
| Debt Service                      |                      |                    | 0        |
| Nonexpendable Trust               | 192                  | 192                | 0        |
| Total                             | \$317,537            | \$331,066          | \$13,529 |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General   | \$77,550                   | \$70,008                  | \$7,542  |
| Special Revenue                                       | 279,239                    | 237,426                   | 41,813   |
| Debt Service  | 277                        | 277                       | 0        |
| Nonexpendable Trust                                   | 961                        |                           | 961      |
| Total   | \$358,027                  | \$307,711                 | \$50,316 |

Contrary to Ohio law, the Township did not properly encumber funds for nonpayroll disbursements.

**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, 2001 AND 2000  
(Continued)**

**5. RETIREMENT SYSTEM**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township 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 Township has paid all contributions required through December 31, 2001.

**6. RISK MANAGEMENT**

**Risk Pool Membership**

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. 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, which the General Reinsurance Corporation will reinsure.

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

Property Coverage

OTARMA 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 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, 2001 AND 2000  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31, 2001 and 2000 (the latest information available):

| <u>Casualty Coverage</u> | <u>2001</u>         | <u>2000</u>         |
|--------------------------|---------------------|---------------------|
| Assets                   | \$23,703,776        | \$22,684,383        |
| Liabilities              | <u>9,379,003</u>    | <u>8,924,977</u>    |
| Retained earnings        | <u>\$14,324,773</u> | <u>\$13,759,406</u> |

| <u>Property Coverage</u> | <u>2001</u>        | <u>2000</u>        |
|--------------------------|--------------------|--------------------|
| Assets                   | \$5,011,131        | \$4,156,784        |
| Liabilities              | <u>647,667</u>     | <u>497,831</u>     |
| Retained earnings        | <u>\$4,363,464</u> | <u>\$3,658,953</u> |

**7. SUBSEQUENT EVENTS**

On February 16, 2002 the Trustees approved the purchase of a new mowing tractor with a purchase price after trade-in of \$12,792.93. Financing is through the John Deere Company. The loan will be repaid in three annual installments beginning in July 2002.

**8. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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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

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, 2001 and 2000 and have issued our report thereon dated August 16, 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 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 two instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-40753-001 and 2001-40753-003. We also noted certain other immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 16, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 judgment, 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 2001-40753-002.

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

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 that are also considered to 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 August 16, 2002

This report is intended solely 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", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

August 16, 2002



**CHESTER TOWNSHIP  
MEIGS 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 2001-40753-001**

**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 for 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.

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

1. 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 the certification is being completed, 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.
2. Amounts of less than \$1000 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.

The Township did not properly certify expenditures for 61.5%, of the disbursement transactions tested.

We recommend that no orders or contracts be made unless the Clerk has certified that the amount required has been lawfully appropriated and is in the treasury or in the process of being collected.

**FINDING NUMBER 2001-40753-002**

**Reportable Condition**

The Township did not properly classify all receipts such as sale of assets, intergovernmental receipts and tax receipts. Manufactured home tax was posted as Other Revenue. Homestead and Rollback were classified as Other Revenue. A receipt from a Township resident for the purchase of gravel was posted as intergovernmental revenue. The revenue from trucks that were sold to individuals was posted as Other Revenue and Intergovernmental Revenue. This resulted in eighteen reclassifications which have been reclassified 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.

**CHESTER TOWNSHIP  
MEIGS 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 2001-40753-003**

**Finding For Recovery**

Ohio Rev. Code Section 505.60 (C), states that townships are permitted to reimburse a township officer or employee for out-of-pocket premiums for insurance policies. The reimbursement is permitted for a township officer or employee who is *denied coverage* under a township health care plan established pursuant to Ohio Rev. Code Section 505.60, *or who elects not to participate* in the township's plan. The reimbursement cannot exceed an amount equal to the average premium paid by the township under the policies it procures.

Alan Holter, Trustee, was reimbursed a total of \$332.60 per month in 2000 and 2001 for out-of-pocket insurance premiums. The average premium paid by the Township in 2000 was \$238.46 and in 2001 was \$270.69, per month, which resulted in the reimbursement exceeding the average paid by \$94.14 in 2000 and \$61.91 in 2001 per month. This represents an overpayment in the amount of \$1,129.68 for 2000 and \$742.92 for 2001. The amount overpaid for both years is \$1,872.60.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Alan Holter, Trustee, Janet Life, Clerk, and Ohio Township Association Risk Management Authority, their bonding company, jointly and severally in the amount of one thousand eight hundred seventy-two dollars and sixty cents (\$1,872.60), and in favor of Chester Township.

**CHESTER TOWNSHIP  
MEIGS 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;<br><i><b>Explain:</b></i> |
|----------------|--|------------------|--|
| 1999-40753-001 | Ohio Revised Code Section 149.351, destruction of records  | Yes              | Fully Corrected  |
| 1999-40753-002 | Ohio Revised Code Section 505.10, improper disposal of personal property                         | Yes              | Fully Corrected  |
| 1999-40753-003 | Ohio Revised Code Section 5705.40, supplemental appropriations not approved by Board of Trustees | Yes              | Fully Corrected  |
| 1999-40753-004 | Ohio Revised Code Section 5705.41(B), expenditures exceeded appropriations                       | Yes              | Fully Corrected  |
| 1999-40753-005 | Ohio Revised Code Section 5705.41(D), failure to encumber funds                                  | No               | Not Corrected. Finding Number 2001-40753-001.  |
| 1999-40753-006 | Improper posting of receipts   | No               | Not Corrected. Finding Number 2001-40753-002.  |

**CHESTER TOWNSHIP  
MEIGS COUNTY**

**CORRECTIVE ACTION PLAN  
DECEMBER 31, 2001 AND 2000**

| <b>Finding Number</b> | <b>Planned Corrective Action</b>   | <b>Anticipated Completion Date</b> | <b>Responsible Contact Person</b> |
|-----------------------|--|------------------------------------|-----------------------------------|
| 2001-40753-001        | No orders or contracts will be made unless the Clerk has certified that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of the appropriate fund.   | December 31, 2002                  | Clerk Janet Life                  |
| 2001-40753-002        | The Clerk will utilize the UAN chart of accounts as well as the Township Handbook to determine proper posting of receipts.   | December 31, 2002                  | Clerk Janet Life                  |
| 2001-40753-003        | Trustee Alan Holter will reimburse the Township for insurance reimbursements received in 2000 and 2001 that exceeded the average premium paid by the Township. The Clerk will reimburse insurance premiums only in amounts equal to the average premium paid by the Township under the policies it procures. | August 2002                        | Clerk Janet Life                  |



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**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 7, 2002**