



**Auditor of State
Betty Montgomery**

**CHESTERFIELD TOWNSHIP
FULTON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Chesterfield Township
Fulton County
15450 County Road 16-3
Fayette, Ohio 43521-9737

To the Board of Trustees:

We have audited the accompanying financial statements of Chesterfield Township (the Township) as of and for the years ended December 31, 2003 and 2002. 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments

We believe that our audit provides a reasonable basis for our opinion.

As described 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 Chesterfield Township, Fulton County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2004 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, 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.



Betty Montgomery
Auditor of State

April 1, 2004

**CHESTERFIELD TOWNSHIP
FULTON 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, 2003

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|----------------------------|--------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Fiduciary Funds</u> | |
| Cash Receipts | | | | |
| Local Taxes | \$ 20,359 | \$ 67,437 | \$ - | \$ 87,796 |
| Intergovernmental | 138,697 | 75,755 | - | 214,452 |
| Licenses, Permits, and Fees | 265 | - | - | 265 |
| Earnings on Investments | 927 | 1,120 | 364 | 2,411 |
| Other Revenue | 100 | 2,060 | - | 2,160 |
| Total Cash Receipts | <u>160,348</u> | <u>146,372</u> | <u>364</u> | <u>307,084</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| General Government | 59,366 | 835 | - | 60,201 |
| Public Safety | - | 16,028 | - | 16,028 |
| Public Works | - | 128,531 | - | 128,531 |
| Health | 2,531 | - | - | 2,531 |
| Miscellaneous | 300 | - | 804 | 1,104 |
| Capital Outlay | - | 5,646 | 600 | 6,246 |
| Total Cash Disbursements | <u>62,197</u> | <u>151,040</u> | <u>1,404</u> | <u>214,641</u> |
| Total Cash Receipts Over/ (Under) Cash Disbursements | 98,151 | (4,668) | (1,040) | 92,443 |
| Fund Cash Balances, January 1 | <u>45,944</u> | <u>158,345</u> | <u>35,167</u> | <u>239,456</u> |
| Fund Cash Balances, December 31 | <u><u>\$ 144,095</u></u> | <u><u>\$ 153,677</u></u> | <u><u>\$ 34,127</u></u> | <u><u>\$ 331,899</u></u> |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CHESTERFIELD TOWNSHIP
FULTON 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, 2002

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|----------------------------|--------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Fiduciary Funds</u> | |
| Cash Receipts | | | | |
| Local Taxes | \$ 17,786 | \$ 69,760 | \$ - | \$ 87,546 |
| Intergovernmental | 51,091 | 76,882 | - | 127,973 |
| Licenses, Permits, and Fees | 305 | - | - | 305 |
| Earnings on Investments | 1,470 | 1,231 | 582 | 3,283 |
| Other Revenue | 7 | 365 | - | 372 |
| Total Cash Receipts | <u>70,659</u> | <u>148,238</u> | <u>582</u> | <u>219,479</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| General Government | 60,530 | 934 | - | 61,464 |
| Public Safety | 580 | 14,491 | - | 15,071 |
| Public Works | - | 52,182 | - | 52,182 |
| Health | 1,984 | 16 | - | 2,000 |
| Miscellaneous | - | - | 805 | 805 |
| Capital Outlay | - | 14,000 | - | 14,000 |
| Total Cash Disbursements | <u>63,094</u> | <u>81,623</u> | <u>805</u> | <u>145,522</u> |
| Total Cash Receipts Over/ (Under) Cash Disbursements | 7,565 | 66,615 | (223) | 73,957 |
| Fund Cash Balances, January 1 | <u>38,379</u> | <u>91,730</u> | <u>35,390</u> | <u>165,499</u> |
| Fund Cash Balances, December 31 | <u><u>\$ 45,944</u></u> | <u><u>\$ 158,345</u></u> | <u><u>\$ 35,167</u></u> | <u><u>\$ 239,456</u></u> |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CHESTERFIELD TOWNSHIP
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Chesterfield Township, Fulton 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 general government services, road maintenance, and cemetery maintenance. The Township contracts with the City of Morenci, Royalton Township, and the City of Wauseon to provide fire and ambulance 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**CHESTERFIELD TOWNSHIP
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

3. Fiduciary Funds (Trust 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. The Township had the following significant fiduciary fund:

Jones Hawley Bequest Fund - This fund is to account for interest received from the Jones Hawley nonexpendable trust for the maintenance and repair of the cemetery.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

**CHESTERFIELD TOWNSHIP
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object level of control, and appropriations may not exceed estimated resources. The 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 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 2003 and 2002 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.

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:

**CHESTERFIELD TOWNSHIP
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

| | 2003 | 2002 |
|--------------------------------|------------|------------|
| Demand deposits | \$ 89,413 | \$ 80,676 |
| STAR Ohio | 242,486 | 158,780 |
| Total deposits and investments | \$ 331,899 | \$ 239,456 |

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|------------|
| General | \$ 50,046 | \$ 160,348 | \$ 110,302 |
| Special Revenue | 131,343 | 146,372 | 15,029 |
| Fiduciary | 600 | 364 | (236) |
| Total | \$ 181,989 | \$ 307,084 | \$ 125,095 |

2003 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|------------|
| General | \$ 94,759 | \$ 62,197 | \$ 32,562 |
| Special Revenue | 288,964 | 151,040 | 137,924 |
| Fiduciary | 2,000 | 1,404 | 596 |
| Total | \$ 385,723 | \$ 214,641 | \$ 171,082 |

**CHESTERFIELD TOWNSHIP
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2002 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|------------------|
| General | \$ 51,594 | \$ 70,659 | \$ 19,065 |
| Special Revenue | 141,823 | 148,238 | 6,415 |
| Fiduciary | 1,352 | 582 | (770) |
| Total | <u>\$ 194,769</u> | <u>\$ 219,479</u> | <u>\$ 24,710</u> |

2002 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|-------------------|
| General | \$ 75,473 | \$ 63,094 | \$ 12,379 |
| Special Revenue | 233,554 | 81,623 | 151,931 |
| Fiduciary | 2,100 | 805 | 1,295 |
| Total | <u>\$ 311,127</u> | <u>\$ 145,522</u> | <u>\$ 165,605</u> |

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 payments, the first half is due December 31. The second half payment is due the following June 20.

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.

**CHESTERFIELD TOWNSHIP
FULTON COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

5. RETIREMENT SYSTEMS

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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. OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Equipment and vehicles.
- Errors and omissions.



**Auditor of State
Betty Montgomery**

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

Chesterfield Township
Fulton County
15450 County Road 16-3
Fayette, Ohio 43521-9737

To the Board of Trustees:

We have audited the financial statements of Chesterfield Township as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 1, 2004 wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated April 1, 2004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 1, 2004.

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.



Betty Montgomery
Auditor of State

April 1, 2004



**Auditor of State
Betty Montgomery**

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CHESTERFIELD TOWNSHIP

FULTON 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
APRIL 27, 2004**