



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**CHESTER TOWNSHIP
CLINTON COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
Chester Township
3603 Center Rd
Wilmington, OH 45177

We have reviewed the *Independent Auditor's Report* of the Chester Township, Clinton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2021 through December 31, 2022. 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.

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. The Chester Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 28, 2023

This page intentionally left blank.

**CHESTER TOWNSHIP
CLINTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2022	4
Notes to the Financial Statements For the Year Ended December 31, 2022	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2021	12
Notes to the Financial Statements For the Year Ended December 31, 2021	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21
Schedule of Findings.....	23
Summary Schedule of Prior Audit Findings	27

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Chester Township
Clinton County
5606 State Route 380
Wilmington, Ohio 45177

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Chester Township, Clinton County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

July 28, 2023

**CHESTER TOWNSHIP
CLINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Debt Service	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 93,994	\$ 560,740	\$ -	\$ 654,734
Charges for Services	-	133,057	-	133,057
Licenses, Permits and Fees	-	9,150	-	9,150
Intergovernmental	32,626	320,385	-	353,011
Earnings on Investments	580	220	-	800
Miscellaneous	379	17,271	-	17,650
<i>Total Cash Receipts</i>	<u>127,579</u>	<u>1,040,823</u>	<u>-</u>	<u>1,168,402</u>
Cash Disbursements				
Current:				
General Government	57,832	124,347	-	182,179
Public Safety	-	546,157	-	546,157
Public Works	-	128,837	-	128,837
Health	1,967	17,203	-	19,170
Capital Outlay	-	6,900	-	6,900
Debt Service:				
Principal Retirement	3,075	44,434	12,100	59,609
Interest and Fiscal Charges	2,731	12,507	11,114	26,352
<i>Total Cash Disbursements</i>	<u>65,605</u>	<u>880,385</u>	<u>23,214</u>	<u>969,204</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>61,974</u>	<u>160,438</u>	<u>(23,214)</u>	<u>199,198</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	-	23,214	23,214
Transfers Out	(5,803)	(17,411)	-	(23,214)
Other Financing Uses	(148)	-	-	(148)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,951)</u>	<u>(17,411)</u>	<u>23,214</u>	<u>(148)</u>
<i>Net Change in Fund Cash Balances</i>	56,023	143,027	-	199,050
<i>Fund Cash Balances, January 1</i>	<u>129,787</u>	<u>397,527</u>	<u>406</u>	<u>527,720</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 185,810</u>	<u>\$ 540,554</u>	<u>\$ 406</u>	<u>\$ 726,770</u>

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

Chester Township
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Chester Township, Clinton County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA). Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which is organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

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

Fire Levy Fund This fund receives proceeds from the property tax levy for fire protection and EMS services.

Chester Township
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

General Bond Retirement Fund – This fund accounts for and reports resources restricted for the retirement of debt issued for the Township fire station.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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

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

A summary of 2022 budgetary activity appears in Note 4.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

Chester Township
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$71,556, the Special Revenue funds by \$896,710, and the Debt Service fund by \$23,214 for the year ended December 31, 2022.

Chester Township
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 126,000	\$ 127,579	\$ 1,579
Special Revenue	956,060	1,040,823	84,763
Debt Service	-	23,214	23,214
Total	\$ 1,082,060	\$ 1,191,616	\$ 109,556

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 71,556	\$ (71,556)
Special Revenue	1,086	897,796	(896,710)
Debt Service	-	23,214	(23,214)
Total	\$ 1,086	\$ 992,566	\$ (991,480)

Note 5 – Deposits and Investments

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

	2022
Demand deposits	\$ 726,770

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

Chester Township
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (latest information available):

	<u>2021</u>
Cash and investments	\$ 34,880,599
Actuarial liabilities	\$ 10,601,444

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Chester Township
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Defined Benefit Pension Plans (Continued)

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Bond	\$ 686,900	3.13%
Township Truck	38,225	1.10%
Ambulance	74,332	3.00%
Total	<u>\$ 799,457</u>	

In 2013, the Township issued a \$900,000 USDA Bond for the purposes of constructing a fire station in the Township. Final maturity is in 2042.

In 2019, the Township issued a \$73,000 Commercial Loan for the purpose of purchasing a new dump truck for the Township. Final maturity is in 2025.

In 2020, the Township issued a \$120,000 Commercial Loan for the purpose of purchasing an ambulance. Final maturity is in 2025.

Chester Township
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Debt (Continued)

Amortization

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

Year Ending December 31:	General Obligation Bonds	Commercial Loans
2023	\$ 46,470	\$ 39,522
2024	46,533	39,522
2025	46,457	39,522
2026	46,413	
2027	46,445	
2028-2032	232,263	
2033-2037	232,247	
2038-2042	232,281	
Total	\$ 929,109	\$ 118,566

Note 12 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the Township had none of the above fund balances nor encumbrances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds are restricted, committed or assigned. These restricted, committed, and assigned amounts in the special revenue and debt service funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2022 while the national state of emergency continues. During 2022, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**CHESTER TOWNSHIP
CLINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 100,596	\$ 383,630	\$ -	\$ 484,226
Charges for Services	-	77,099	-	77,099
Licenses, Permits and Fees	-	6,425	-	6,425
Intergovernmental	30,493	298,558	-	329,051
Earnings on Investments	546	76	-	622
Miscellaneous	1,683	56,356	-	58,039
<i>Total Cash Receipts</i>	<u>133,318</u>	<u>822,144</u>	<u>-</u>	<u>955,462</u>
Cash Disbursements				
Current:				
General Government	85,731	28,241	-	113,972
Public Safety	-	382,430	-	382,430
Public Works	250	232,621	-	232,871
Health	984	14,902	-	15,886
Capital Outlay	-	7,584	-	7,584
Debt Service:				
Principal Retirement	-	34,064	23,600	57,664
Interest and Fiscal Charges	-	5,457	22,783	28,240
<i>Total Cash Disbursements</i>	<u>86,965</u>	<u>705,299</u>	<u>46,383</u>	<u>838,647</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>46,353</u>	<u>116,845</u>	<u>(46,383)</u>	<u>116,815</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	-	46,383	46,383
Transfers Out	(13,915)	(32,468)	-	(46,383)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(13,915)</u>	<u>(32,468)</u>	<u>46,383</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	32,438	84,377	-	116,815
<i>Fund Cash Balances, January 1 (Restated See Note 14)</i>	<u>97,349</u>	<u>313,150</u>	<u>406</u>	<u>410,905</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 129,787</u>	<u>\$ 397,527</u>	<u>\$ 406</u>	<u>\$ 527,720</u>

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

Chester Township
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Chester Township, Clinton County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA). Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which is organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

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

Fire Levy Fund This fund receives proceeds from the property tax levy for fire protection and EMS services.

Chester Township
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

General Bond Retirement Fund – This fund accounts for and reports resources restricted for the retirement of debt issued for the Township fire station.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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

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

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

Chester Township
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$100,880, the Special Revenue funds by \$738,853 and the Debt Service fund by \$46,383 for the year ended December 31, 2021.

Chester Township
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 136,374	\$ 133,318	\$ (3,056)
Special Revenue	827,873	822,144	(5,729)
Debt Service	-	46,383	46,383
Total	\$ 964,247	\$ 1,001,845	\$ 37,598

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 100,880	\$ (100,880)
Special Revenue	-	738,853	(738,853)
Debt Service	-	46,383	(46,383)
Total	\$ -	\$ 886,116	\$ (886,116)

Note 5 – Deposits and Investments

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

	2021
Demand deposits	\$ 527,720

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$64 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

Chester Township
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$ 34,880,599
Actuarial liabilities	\$ 10,601,444

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

Chester Township
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Defined Benefit Pension Plans (Continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
USDA Bond	\$ 711,300	3.13%
Township Truck	50,182	1.10%
Ambulance	97,584	3.00%
Total	\$ 859,066	

In 2013, the Township issued a \$900,000 USDA Bond for the purposes of constructing a fire station in the Township. Final maturity is in 2042.

In 2019, the Township issued a \$73,000 Commercial Loan for the purpose of purchasing a new dump truck for the Township. Final maturity is in 2025. The prior year balance of this loan was understated by \$17.

In 2020, the Township issued a \$120,000 Commercial Loan for the purpose of purchasing an ambulance. Final maturity is in 2025.

Chester Township
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Debt (Continued)

Amortization

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

Year Ending December 31:	General Obligation Bonds	Commercial Loans
2022	\$ 46,439	\$ 39,522
2023	46,470	39,522
2024	46,533	39,522
2025	46,457	39,522
2026	46,413	
2027-2031	232,308	
2032-2036	232,265	
2037-2041	232,197	
2042	46,466	
Total	\$ 975,548	\$ 158,088

Note 12 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	Special Revenue
Outstanding Encumbrances	\$ 1,086

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds are restricted, committed or assigned. These restricted, committed, and assigned amounts in the special revenue and debt service funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Chester Township
Clinton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 14 – Prior Period Restatement

The following adjustment is reflected in the January 1, 2021 Special Revenue fund balance:

	Special Revenue Fund
December 31, 2020 audited balance	\$ 313,020
To account for checks voided in 2021 from 2020	130
January 1, 2021 balance	<u>\$ 313,150</u>

The Township made an adjustment to accurately report beginning fund balance.

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

Chester Township
Clinton County
5606 State Route 380
Wilmington, Ohio 45177

To the Board of Trustees:

We have audited, 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Chester Township, Clinton County, (the Township) and have issued our report thereon dated July 28, 2023, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. 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 Township's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2022-002 and 2022-003.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

July 28, 2023

**CHESTER TOWNSHIP
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. The following errors with the Township's annual financial report were noted:

- The Township did not properly allocate homestead and rollback receipts between the General, Road and Bridge, and Special Levy Fire Funds in 2021 and 2022;
- The Township understated principal payments and overstated interest payments as well as incorrectly posted principal payments as Capital Outlay for the Ambulance loan in the Special Levy Fire Fund in 2021 and 2022;
- The Township understated principal payments and overstated interest payments as well as incorrectly posted principal payments as Capital Outlay for the Truck loan in the Gasoline Tax Fund in 2021 and 2022;
- The Township incorrectly posted a homestead and rollback receipt as Property Taxes instead of Intergovernmental revenue in the General, Road and Bridge, and Special Levy Fire Funds in 2022;
- The Township understated principal payments and overstated interest payments for the USDA bond in the General and Debt Service Funds in 2022.

Not posting receipts or classifying fund balances accurately resulted in the financial statements requiring several reclassifications and adjustments. The Financial Statements reflect all reclassifications and adjustments. The Township has posted the adjustments to its accounting system.

We also updated the notes to the financial statements for omitted information and to agree to financial statement amounts.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements. The Township should also ensure all applicable footnote disclosures are accurately reported.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Officials' Response – We did not receive a response from Officials to this finding.

**CHESTER TOWNSHIP
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-002

Noncompliance

Ohio Revised Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money.

The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that 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 for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 11% of the expenditures tested for 2022 and 27% of the expenditures tested in 2021.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

**CHESTER TOWNSHIP
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-002 (Continued)

Ohio Revised Code § 5705.41(D) (Continued)

To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

Officials' Response – We did not receive a response from Officials to this finding.

FINDING NUMBER 2022-003

Noncompliance

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1. In addition, **Ohio Rev. Code § 5705.39** states the total appropriations from each fund shall not exceed the total of estimated revenue available for expenditure as certified by the budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriation authority a certificate that the total appropriations from each fund, taken together with all other outstanding encumbrances, do not exceed such official estimate or amended official estimate. Furthermore, **Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures, the Township did not file Appropriations with the County Auditor for 2022 or 2021. Therefore, appropriations were not certified by the County Auditor as being limited to the total of estimated revenue available for expenditure as certified by the budget commission.

As a result of the Township's appropriation measure not being in effect based upon the aforementioned requirements, the following funds had expenditures and outstanding encumbrances in excess of appropriations:

2021	Appropriation Authority	Expenditures+ outstanding encumbrances	Excess
General	\$0	\$100,880	(\$100,880)
Motor Vehicle License Tax	\$0	\$27,012	(\$27,012)
Gasoline Tax	\$0	\$142,683	(\$142,683)
Road and Bridge	\$0	\$84,896	(\$84,896)
Cemetery	\$0	\$14,903	(\$14,903)
Special Levy Fire	\$0	\$469,360	(\$469,360)
General (Bond)(Note) Retirement	\$0	\$46,383	(\$46,383)

**CHESTER TOWNSHIP
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-003 (Continued)

Ohio Rev. Code § 5705.38(A) (Continued)

2022	Appropriation Authority	Expenditures+ outstanding encumbrances	Excess
General	\$0	\$71,556	(\$71,556)
Motor Vehicle License Tax	\$0	\$28,690	(\$28,690)
Gasoline Tax	\$0	\$104,879	(\$104,879)
Road and Bridge	\$0	\$13,068	(\$13,068)
Cemetery	\$0	\$17,203	(\$17,203)
Special Levy Fire	\$1,086	\$649,138	(\$648,052)
American Relief Act	\$0	\$84,818	(\$84,818)
General (Bond)(Note) Retirement	\$0	\$23,214	(\$23,214)

Failure to have adequate appropriations in place at the time of expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Township should ensure they are presenting budgetary information for both receipts and expenditures in the footnotes. The Township should also ensure their accounting system, filed budgetary documents, and budgetary presentation/footnote all reflect the same totals. If changes are made to budgeted receipts and/or appropriations after documents have already been filed with the County, then an amendment needs to be filed reflecting the changes made. The Township should file the appropriate budgetary documentation with the County Auditor as required by Ohio Law. The Township should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer and Trustees should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response – We did not receive a response from Officials to this finding.

**CHESTER TOWNSHIP
CLINTON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial Reporting	Not Corrected	Repeated as Finding 2022-001
2020-002	Medicount Reconciliations	Partially Corrected	Repeated in Management Letter
2020-003	Ohio Revised Code Section 5705.38(A)	Not Corrected	Repeated as Finding 2022-003
2020-004	Posting Estimated Receipts	Corrected	N/A

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



CHESTER TOWNSHIP

CLINTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/10/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov