

**CHESTER TOWNSHIP
WAYNE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**

OHIO AUDITOR OF STATE
KEITH FABER



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

Board of Trustees
Chester Township
4179 Bates Rd
Wooster, OH 44691

We have reviewed the *Independent Auditor's Report* of Chester Township, Wayne County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2019 through December 31, 2020. 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. Chester Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 02, 2021

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**CHESTER TOWNSHIP
WAYNE COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Chester Township
Wayne County
4179 Bates Road
Wooster, Ohio 44691

To the Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of Chester Township, Wayne County, Ohio.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Chester Township, Wayne County as of December 31, 2020 and 2019, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2020 and 2019, and related notes of Chester Township, Wayne County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the 2020 financial statements and Note 11 to the 2019 financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 3, 2021, on our consideration of Chester 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. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on 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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 3, 2021

**CHESTER TOWNSHIP
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 63,197	\$ 355,099	\$ 418,296
Intergovernmental	40,953	322,703	363,656
Earnings on Investments	322	162	484
Miscellaneous	11,690	463	12,153
Total Cash Receipts	<u>116,162</u>	<u>678,427</u>	<u>794,589</u>
Cash Disbursements:			
Current:			
General Government	137,476	140,034	277,510
Public Safety	-	129,909	129,909
Public Works	6,423	246,351	252,774
Capital Outlay	-	12,000	12,000
Debt Service			
Principal Retirement	-	34,628	34,628
Interest and Fiscal Charges	-	695	695
Total Cash Disbursements	<u>143,899</u>	<u>563,617</u>	<u>707,516</u>
Excess of Receipts Over (Under) Disbursements	(27,737)	114,810	87,073
Other Financing Receipts (Disbursements)			
Other Financing Sources	12,277	-	12,277
Total Other Financing Receipts (Disbursements)	<u>12,277</u>	<u>-</u>	<u>12,277</u>
Net Change in Fund Cash Balance	(15,460)	114,810	99,350
Fund Cash Balances, January 1, restated	<u>65,763</u>	<u>152,912</u>	<u>218,675</u>
Fund Cash Balances, December 31	<u>\$ 50,303</u>	<u>\$ 267,722</u>	<u>\$ 318,025</u>

See notes to financial statements.

**CHESTER TOWNSHIP
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Chester Township, Wayne County, (the Township) as a body corporate and politic. A publically elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the New Pittsburg Community Fire Protection and Service Association to provide fire services and emergency medical services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. 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:

Fire District Fund – This fund receives property tax monies to pay for fire and emergency medical services.

Gasoline Tax Fund - This fund receives gas tax monies to pay for constructing, maintaining, and repairing township road and bridges.

Road and Bridge Fund – This fund receives property tax monies to pay for constructing, maintaining, and repairing township road and bridges.

**CHESTER TOWNSHIP
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Road District Levy Fund – This fund receives property tax monies from a special levy for constructing, maintaining and repairing township road and bridges.

C. 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 and object level of control and appropriations may not exceed estimated resources. The 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 canceled and reappropriated in the subsequent year.

A summary of 2020 appears in Note 3.

D. Deposits and Investments

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

E. 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.

F. 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.

**CHESTER TOWNSHIP
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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.

**CHESTER TOWNSHIP
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 95,051	\$ 128,439	\$ 33,388
Special Revenue	600,369	678,427	78,058
Total	\$ 695,420	\$ 806,866	\$ 111,446

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 158,101	\$ 143,899	\$ 14,202
Special Revenue	753,281	572,443	180,838
Total	\$ 911,382	\$ 716,342	\$ 195,040

4. DEPOSITS AND INVESTMENTS

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposits and investment accounts are as follows:

	2020
<i>Cash Management Pool</i>	
Demand deposits	\$ 318,025
Total Carrying Amount of Deposits and Investments held in Pool	\$ 318,025

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, 2020, the Township is holding \$0 in unremitted employee payroll withholdings.

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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.

Public utilities are also taxed on personal and real property located within the Township.

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

**CHESTER TOWNSHIP
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

6. RISK 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>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	10,519,942

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Township’s full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant’s gross salaries. The Township has paid all contributions required through December 31, 2020.

8. 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. OPERS contributes 2 percent of the employer contribution to fund these benefits. 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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**CHESTER TOWNSHIP
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

11. 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 expendable 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 those amounts were as follows:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Corpus	\$ -	\$ -	\$ -
Outstanding Encumbrances	-	8,826	8,826
Total	<u>\$ -</u>	<u>\$ 8,826</u>	<u>\$ 8,826</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

12. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, The Township received CARES Act funding. Of the amounts received, \$4,513 was sub-granted to other governments, \$102,119 was returned to the granting agency. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

During 2020, the Township received \$152,119 as an on-behalf grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

13. RESTATEMENT OF FUND BALANCE

Fund balance in the General Fund has been restated for the year beginning January 1, 2020 as bank reconciliation items were cleaned up and cleared:

	General Fund
Fund Balance at December 31, 2019	\$ 70,050
Adjustments	(4,287)
Fund Balance at January 1, 2020	<u>\$ 65,763</u>

**CHESTER TOWNSHIP
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 61,257	\$ 352,772	\$ 414,029
Intergovernmental	41,595	147,206	188,801
Earnings on Investments	2,759	1,088	3,847
Miscellaneous	16,703	2,900	19,603
Total Cash Receipts	<u>122,314</u>	<u>503,966</u>	<u>626,280</u>
Cash Disbursements:			
Current:			
General Government	99,751	-	99,751
Public Safety	-	112,253	112,253
Public Works	3,144	365,624	368,768
Human Services	-	20,000	20,000
Capital Outlay	-	17,374	17,374
Debt Service			
Principal Retirement	-	39,664	39,664
Interest and Fiscal Charges	-	1,779	1,779
Total Cash Disbursements	<u>102,895</u>	<u>556,694</u>	<u>659,589</u>
Net Change in Fund Cash Balance	19,419	(52,728)	(33,309)
Fund Cash Balances, January 1	<u>50,631</u>	<u>205,640</u>	<u>256,271</u>
Fund Cash Balances, December 31			
Restricted	-	152,912	152,912
Unassigned (Deficit)	70,050	-	70,050
Fund Cash Balances, December 31	<u><u>\$ 70,050</u></u>	<u><u>\$ 152,912</u></u>	<u><u>\$ 222,962</u></u>

See notes to financial statements.

**CHESTER TOWNSHIP
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. REPORTING ENTITY

Description of the Entity

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The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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**CHESTER TOWNSHIP
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Road District Levy Fund – This fund receives property tax monies from a special levy for constructing, maintaining and repairing township road and bridges.

C. 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 and object level of control and appropriations may not exceed estimated resources. The 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

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A summary of 2019 appears in Note 3.

D. Deposits and Investments

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

E. 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.

F. 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.

**CHESTER TOWNSHIP
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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:

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

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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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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.

**CHESTER TOWNSHIP
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 116,043	\$ 122,314	\$ 6,271
Special Revenue	489,386	503,966	14,580
Total	\$ 605,429	\$ 626,280	\$ 20,851

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 166,674	\$ 102,895	\$ 63,779
Special Revenue	695,027	556,694	138,333
Total	\$ 861,701	\$ 659,589	\$ 202,112

4. EQUITY IN POOLED CASH

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

	2019
Demand deposits	\$ 222,962
Total Deposits	\$ 222,962

Deposits: Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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.

Public utilities are also taxed on personal and real property located within the Township.

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

**CHESTER TOWNSHIP
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

6. RISK 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>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	10,519,942

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2019.

8. 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. OPERS contributes 2 percent of the employer contribution to fund these benefits. 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 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**CHESTER TOWNSHIP
WAYNE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

10. DEBT

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest rate
G.O. Bonds Dump Truck	\$ 18,115	2.70%
G.O. Bonds Backhoe	16,513	2.73%
Total	\$ 34,628	

The Township issued bonds in 2017 to purchase a backhoe to be used on township roads. It will repaid over three years.

The Township issued bonds in 2015 to purchase a dump truck to be used on township roads. It will be repaid over five years.

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

Year Ended December 31	Dump Truck	Backhoe
2020	\$ 18,360	\$ 16,963
Total	\$ 18,360	\$ 16,963

11. SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Chester Township
Wayne County
4179 Bates Road
Wooster, Ohio 44691

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019 and related notes of Chester Township, Wayne County and have issued our report thereon dated June 3, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Chester Township's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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 and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weakness or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2020-001 to be a significant deficiency.

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 3, 2021

**CHESTER TOWNSHIP
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Significant Deficiency – Reclassifications

All local offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

As a result of audit procedures, errors were noted that required reclassification to the financial statements as follows which have been made to the financial statements and accounting records:

The following is related to 2019:

- A reclassification of \$39,664 and \$1,779 was made to increase Principal Retirement and Interest and Fiscal Charges, respectively and to decrease Public Works by \$21,203 and Capital Outlay by \$20,240 to properly show debt payments made in the Special Revenue Funds.

The following is related to 2020:

- A reclassification of \$34,628 and \$695 was made to increase Principal Retirement and Interest and Fiscal Charges, respectively and to decrease Public Works by \$20,180 and Capital Outlay by \$15,143 to properly show debt payments made in the Special Revenue Funds.
-

Client Response: We have not received a response from the client.

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OHIO AUDITOR OF STATE KEITH FABER



CHESTER TOWNSHIP

WAYNE 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 7/15/2021

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