

**CHATHAM TOWNSHIP  
MEDINA COUNTY, OHIO**

**FOR THE YEARS ENDED  
DECEMBER 31, 2000 AND 1999**





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

JIM PETRO, AUDITOR OF STATE

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Chatham Township  
6744 Rice Road  
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We have reviewed the Independent Auditor's Report of Chatham Township, Medina County, prepared by Rea & Associates, Inc., for the audit period January 1, 1999 through December 31, 2000. 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. Chatham Township is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

June 30, 2001

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**CHATHAM TOWNSHIP  
MEDINA COUNTY, OHIO**

**FOR THE YEARS ENDED  
DECEMBER 31, 2000 AND 1999**

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

June 7, 2001

Board of Trustees  
Chatham Township  
Medina County, Ohio

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Chatham Township, Medina County, as of and for the years ended December 31, 2000 and 1999, as listed in the table of contents. These financial statements are the responsibility of the Chatham Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township, prepares its financial statements on the basis of accounting prescribed by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Chatham Township, Medina County, as of December 31, 2000 and 1999, and the revenues it received and expenditures it paid for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 7, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the trustees, management and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

*Rea & Associates, Inc.*

**CHATHAM TOWNSHIP  
MEDINA COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL  
FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>CASH RECEIPTS:</b>				
Taxes	\$ 23,957	\$ 165,774	\$ 0	\$ 189,731
Licenses, Permits, and Fees	3,249	3,870	0	7,119
Intergovernmental Receipts	73,021	81,981	0	155,002
Interest	26,836	8,152	0	34,988
All Other Revenue	386	2,095	0	2,481
Total Cash Receipts	<u>127,449</u>	<u>261,872</u>	<u>0</u>	<u>389,321</u>
<b>CASH DISBURSEMENTS:</b>				
General Government	73,693	0	0	73,693
Public Safety	0	44,135	0	44,135
Public Works	0	172,002	0	172,002
Health	0	9,235	0	9,235
Capital Outlay	100	40,725	0	40,825
Total Cash Disbursements	<u>73,793</u>	<u>266,097</u>	<u>0</u>	<u>339,890</u>
Total Receipts Over (Under) Disbursements	53,656	(4,225)	0	49,431
Fund cash balances, beginning of year	<u>311,822</u>	<u>278,962</u>	<u>21,133</u>	<u>611,917</u>
<b>Fund cash balances, end of year</b>	<u>\$ 365,478</u>	<u>\$ 274,737</u>	<u>\$ 21,133</u>	<u>\$ 661,348</u>

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



**CHATHAM TOWNSHIP  
MEDINA COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL  
FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>CASH RECEIPTS:</b>				
Taxes	\$ 22,312	\$ 160,827	\$ 0	\$ 183,139
Licenses, Permits, and Fees	4,525	4,553	0	9,078
Intergovernmental Receipts	104,484	82,638	0	187,122
Interest	21,892	6,650	0	28,542
All Other Revenue	222	51,115	0	51,337
Total Cash Receipts	<u>153,435</u>	<u>305,783</u>	<u>0</u>	<u>459,218</u>
<b>CASH DISBURSEMENTS:</b>				
General Government	68,658	0	0	68,658
Public Safety	0	39,722	0	39,722
Public Works	0	117,530	0	117,530
Health	0	10,585	0	10,585
Capital Outlay	6,727	91,927	0	98,654
Total Cash Disbursements	<u>75,385</u>	<u>259,764</u>	<u>0</u>	<u>335,149</u>
Total Receipts Over (Under) Disbursements	78,050	46,019	0	124,069
Fund cash balances, beginning of year	<u>233,772</u>	<u>232,943</u>	<u>21,133</u>	<u>487,848</u>
<b>Fund cash balances, end of year</b>	<u>\$ 311,822</u>	<u>\$ 278,962</u>	<u>\$ 21,133</u>	<u>\$ 611,917</u>

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

**CHATHAM TOWNSHIP  
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2000 AND 1999**

**NOTE 1: Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Township of Chatham, Medina County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three member Board of Trustees. The Township provides general governmental services, including road maintenance, fire, and emergency medical services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

The Township holds only interim demand deposits.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds.

**Motor Vehicle License Tax Fund** - This fund receives state motor vehicle license tax money for the construction, repair, and maintenance of township roads and bridges.

**Gasoline Tax Fund** - This fund receives gasoline tax money for the construction, repair, and maintenance of township roads and bridges.

**CHATHAM TOWNSHIP  
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2000 AND 1999**

**NOTE 1: Summary of Significant Accounting Policies (continued)**

**D. Fund Accounting (continued)**

**Road and Bridges Funds** - These funds receive real estate and personal property tax money for the construction, repair, and maintenance of township roads and bridges.

**Cemetery Funds** - These funds receive real estate and personal property tax money and generate money through the selling of cemetery lots and donations from the general public. This money is disbursed for the maintenance and upkeep of township cemeteries.

**Fire and Rescue Operations** - To account for monies from a fire levy for operation of the fire and emergency medical services.

**Permissive Motor Vehicle License** – This fund receives fees for various public works.

**Emergency Medical Services** –This fund receives fees for services for the Emergency Medical Services.

**Capital Projects Fund**

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**Public Works** – To account for state expenditures and local match monies for road projects funded through State Issue II grants.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) 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. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

**CHATHAM TOWNSHIP  
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2000 AND 1999**

**NOTE 1: Summary of Significant Accounting Policies (continued)**

**E. Budgetary Process (continued)**

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances are outstanding at year end.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant, and equipment are recorded as disbursements (capital outlays) when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

**NOTE 2: Equity in Pooled Cash**

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

	<u>2000</u>	<u>1999</u>
Demand Deposits	\$ <u>661,348</u>	\$ <u>611,917</u>

**Deposits**

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized specifically pledged by the financial institution to the Township.

**CHATHAM TOWNSHIP  
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2000 AND 1999**

**NOTE 3: Budgetary Activity**

Budgetary activity for the years ended December 31, 2000 and 1999 was as follows:

	Budgeted vs. Actual Receipts					
	2000			1999		
	Budgeted Receipts	Actual Receipts	Variance	Budgeted Receipts	Actual Receipts	Variance
General	\$ 96,773	\$ 127,449	\$ 30,676	\$ 87,841	\$ 153,435	\$ 65,594
Special Revenue	240,900	261,872	20,972	230,734	305,783	75,049
Capital Projects	0	0	0	0	0	0
Total	<u>\$ 337,673</u>	<u>\$ 389,321</u>	<u>\$ 51,648</u>	<u>\$ 318,575</u>	<u>\$ 459,218</u>	<u>\$ 140,643</u>

	Budgeted vs. Actual Expenditures					
	2000			1999		
	Appropriation Authority	Actual Expenditures	Variance	Appropriation Authority	Actual Expenditures	Variance
General	\$ 406,566	\$ 73,793	\$ 332,773	\$ 265,917	\$ 75,835	\$ 190,082
Special Revenue	535,777	266,097	269,680	374,281	260,420	113,861
Capital Projects	0	0	0	21,133	0	21,133
Total	<u>\$ 942,343</u>	<u>\$ 339,890</u>	<u>\$ 602,453</u>	<u>\$ 661,331</u>	<u>\$ 336,255</u>	<u>\$ 325,076</u>

**NOTE 4: Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property taxes to the County by each April 30.

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

**CHATHAM TOWNSHIP  
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2000 AND 1999**

**NOTE 6: Retirements Systems**

Full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost sharing, multiple employer plan. This plan provides retirement benefits, including postretirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Public Employee Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for state and local government divisions. For local government employer units, the 2000 contribution rate was 10.84% of covered payroll.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**NOTE 7: Risk Management**

The Township has obtained commercial insurance for the following risks:

- General liability and casualty
- Vehicle
- Public Official's Liability

# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

June 7, 2001

The Board of Trustees  
Chatham Township  
Medina County, Ohio

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of Chatham Township, Medina County, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 7, 2001. We have conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Chatham Township financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Chatham Township in a separate letter dated June 7, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Chatham Township internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Chatham Township in a separate letter dated June 7, 2001.

This report is intended solely for the information and use of the trustees, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Rea & Associates, Inc.*







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

**CHATHAM TOWNSHIP**

**MEDINA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 24, 2001**