



**Auditor of State
Betty Montgomery**

CHESTER TOWNSHIP
GEAUGA COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Chester Township
Geauga County
12701 Chillicothe Road
Chesterland, Ohio 44026

We were engaged to audit the financial statements of Chester Township, Geauga County, Ohio (Township) as of and for the year ended December 31, 2002.

The Township was unable to provide us with any financial statements reflecting the Townships transactions for the audit period. The Township was also unable to provide any documentation to support the Townships cash receipts and disbursements and reserves for encumbrances for the year ended December 30, 2002. As a result, we were unable to satisfy ourselves as to the total revenues, expenditures and fund cash balances as of December 31, 2002.

Since the Township was unable to provide the evidence described in the second paragraph above, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express, an opinion on these financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2005 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

June 22, 2005

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Auditor of State Betty Montgomery

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

Chester Township
Geauga County
12701 Chillicothe Road
Chesterland, Ohio 44026

We were engaged to audit the financial statements of Chester Township, Geauga County (the Township) as of and for the year ended December 31, 2002 and have issued our report thereon dated June 22, 2005, in which we disclaimed an opinion upon the financial statements because the Township was unable to provide us with any financial statements reflecting the Township's transactions. The Township was also unable to provide any documentation to support the Townships cash receipts and disbursements and reserves for encumbrances for the year ended December 31, 2002.

Compliance

To the extent possible, we tested the Township's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our procedures and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items, 2002-001 through 2002-002.

Internal Control Over Financial Reporting

In planning and performing our procedures, we considered the Township's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as item 2002-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider item 2003-003 listed above to be a material weakness.

This report is intended solely for the information and use of the Township Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

**CHESTER TOWNSHIP
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2002-001
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Availability of Public Records/Destruction of Records

Ohio Revised Code Section 149.43 Provides that “all public records shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours upon request, a person responsible for public records shall make copies available at cost within a reasonable period of time

Ohio Revised Code Section 149.35.1(A) states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under sections 149.38 to 149.42 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully. **Section (B)** states that any person who is aggrieved by the removal, destruction, mutilation, or transfer of, or by other damage to or disposition of a record in violation of division (A) of this section, or by threat of such removal, destruction, mutilation, transfer, or other damage to or disposition of such a record, may commence either or both of the following in the court of common pleas of the county in which division (A) of this section allegedly was violated or is threatened to be violated: (1) A civil action for injunctive relief to compel compliance with division (A) of this section, and to obtain an award of the reasonable attorney's fees incurred by the person in the civil action; or (2) A civil action to recover a forfeiture in the amount of one thousand dollars for each violation, and to obtain an award of the reasonable attorney's fees incurred by the person in the civil action.

The prior clerk was convicted of Theft in Office, Tampering with Records, Unauthorized Use of a Computer and Forgery. All the records were maintained on his laptop computer and many of the records and ledgers required to perform the audit were not available.

Finding Number	2002-002
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Annual Financial Report By Public Office

Ohio Revised Code Section 117.38 states each public office, other than a state agency, shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

The report shall be certified by the proper officer or board and filed with the auditor of state within sixty days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the fiscal year. The auditor of state may extend the deadline for filing a financial report and establish terms and conditions for any such extension. At the time the report is filed with the auditor of state, the chief fiscal officer, except as otherwise provided in [section 319.11](#) of the Revised Code, shall publish notice in a newspaper published in the political subdivision or taxing district, and if there is no such newspaper, then in a newspaper of general circulation in the political subdivision or taxing district. The notice shall state that the financial report has been completed by the public office and is available for public inspection at the office of the chief fiscal officer

**CHESTER TOWNSHIP
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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The report shall contain the following:

- (A) Amount of collections and receipts, and accounts due from each source;
- (B) Amount of expenditures for each purpose;
- (C) Income of each public service industry owned or operated by a municipal corporation, and the cost of such ownership or operation;
- (D) Amount of public debt of each taxing district, the purpose for which each item of such debt was created, and the provision made for the payment thereof. The substance of the report shall be published at the expense of the state in an annual volume of statistics, which shall be submitted to the governor. The auditor of state shall transmit the report to the general assembly at its next session

Any public office, other than a state agency, that does not file its financial report at the time required by this section shall pay to the auditor of state twenty-five dollars for each day the report remains unfilled after the filing date; provided, that the penalty payments shall not exceed the sum of seven hundred fifty dollars. The auditor of state may waive all or any part of the penalty assessed under this section upon the filing of the past due financial report. All sums collected from such penalties shall be placed in the public audit expense fund - local government. The auditor of state may deduct penalties not paid within one year from the required filing date from any funds under the auditor of state's control belonging to the public office. If funds are withheld from a county because of the failure of a taxing district located in whole or in part within the county to file, the county may deduct the amount of penalty from any revenues due the delinquent district.

Because of the reasons stated in audit finding 2002-001, the Township was unable to file the 2002 financial report with the Auditor of State office and did not place an advertisement in a newspaper that the financial report was available for public inspection.

Finding Number	2002-003
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Material Weakness:

Monitoring:

During the audit period the prior clerk, Mr Spellman, forged many documents. It was difficult for the Township to monitor these financial records because of the accounting procedures implemented by the Mr. Spellman. Mr Spellman would submit a listing of expenditures along with the check numbers to the Trustees for approval. Even though these check numbers may have been altered, when the following months listing was given to the Trustees there was no monitoring of the ending check numbers used from the prior month to the first check number used in the current month to the checks remaining. The expenditure reports given to the Trustees in total could have been compared to the expenditures noted on the bank statements. Also budgetary statements showing budget vs actual expenditures could have been compared to the expenditure reports provided. Another weakness noted was there was not any type of segregation of duties effectively implemented even though there were two other office workers. A recommendation was issued in the 2000 & 2001 audit report regarding an independent review of bank reconciliations.

**CHESTER TOWNSHIP
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002**

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

We recommend the following controls to help insure all financial transactions are properly accounted for:

- 1.) The Trustees should review the expenditure reports provided and compare them to the expenditure reports issued off the UAN system.
- 2.) The Trustees should insure accurate accountability over the check numbers are maintained. Any check numbers not properly accounted for and any hand written checks should be reviewed.
- 3.) The Trustees should also review the bank reconciliations to determine if they are properly reconciled to the UAN system. Any adjustments should be thoroughly reviewed. Bank statements can be utilized to compare the amount of expenditures made to the expenditure reports given to them.
- 4.) The Trustees may want to review all revenues received by the Township. These revenues should have an appropriate receipt and/or pay-in written. These receipts and/or payins written should be reconciled to deposits made and postings to the UAN system. A comparison of receipts issued to the postings made to the system would help detect any monies received and not properly accounted for. Any donations given to the Township should be properly approved by the Trustees and noted in the minutes.

By implementing these controls this would help the Township insure proper accountability over their financial transactions.

The above recommendations were implemented by prior to the release of this report.



**Auditor of State
Betty Montgomery**

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CHESTER TOWNSHIP

GEAUGA 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
AUGUST 4, 2005**