



**CHESHIRE TOWNSHIP  
GALLIA COUNTY**

**REGULAR AUDIT**

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



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



CHESHIRE TOWNSHIP  
GALLIA COUNTY

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Cheshire Township  
Gallia County  
194 Stingy Creek Road  
Cheshire, Ohio 45620

To the Board of Trustees:

We have audited the accompanying financial statements of Cheshire Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 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 discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Cheshire Township, Gallia County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 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 management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 14, 2001

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**CHESHIRE TOWNSHIP  
GALLIA COUNTY**

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

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Local Taxes	\$83,514	\$103,524	\$187,038
Intergovernmental	28,377	64,018	92,395
Interest	1,993	279	2,272
Other Revenue	794	84	878
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	114,678	167,905	282,583
<b>Cash Disbursements:</b>			
Current:			
General Government	48,859		48,859
Public Safety	5,715		5,715
Public Works		167,044	167,044
Health	8,668		8,668
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	63,242	167,044	230,286
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	51,436	861	52,297
<b>Other Financing Sources/(Uses):</b>			
Transfers-In		40,000	40,000
Transfers-Out	(40,000)		(40,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources/(Uses)	(40,000)	40,000	0
<b>Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses</b>			
	11,436	40,861	52,297
Fund Cash Balances, January 1	39,774	37,837	77,611
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$51,210</u></b>	<b><u>\$78,698</u></b>	<b><u>\$129,908</u></b>

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

**CHESHIRE TOWNSHIP  
GALLIA COUNTY**

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

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$87,383	\$108,481	\$195,864
Intergovernmental	23,265	64,116	87,381
Interest	1,537	275	1,812
Other Revenue	1,362	17	1,379
 Total Cash Receipts	 113,547	 172,889	 286,436
<b>Cash Disbursements:</b>			
Current:			
General Government	49,715		49,715
Public Safety	6,015		6,015
Public Works		204,025	204,025
Health	7,387		7,387
Capital Outlay		7,450	7,450
 Total Cash Disbursements	 63,117	 211,475	 274,592
Total Cash Receipts Over/(Under) Cash Disbursements	50,430	(38,586)	11,844
<b>Other Financing Sources/(Uses):</b>			
Transfers-In		40,000	40,000
Transfers-Out	(40,000)		(40,000)
Sale of Assets		7,500	7,500
Other Sources	18		18
 Total Other Financing Sources/(Uses)	 (39,982)	 47,500	 7,518
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	10,448	8,914	19,362
Fund Cash Balances, January 1	29,326	28,923	58,249
 <b>Fund Cash Balances, December 31</b>	 <b>\$39,774</b>	 <b>\$37,837</b>	 <b>\$77,611</b>

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



**CHESHIRE TOWNSHIP  
GALLIA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Cheshire Township, Gallia County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees and a publicly-elected Clerk. The Township provides general governmental services, including road and bridge maintenance.

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.

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

**C. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

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

**CHESHIRE TOWNSHIP  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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

**E. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**F. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave is not reflected as a liability under the basis of accounting used by the Township.

**2. EQUITY IN POOLED CASH**

The Township maintains a cash 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>\$129,908</u>	<u>\$77,611</u>

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

**CHESHIRE TOWNSHIP  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999, follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 104,512	\$ 114,678	\$ 10,166
Special Revenue	<u>246,530</u>	<u>207,905</u>	<u>(38,625)</u>
Total	<u>\$ 351,042</u>	<u>\$ 322,583</u>	<u>\$ (28,459)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 144,285	\$ 103,242	\$ 41,043
Special Revenue	<u>284,365</u>	<u>167,044</u>	<u>117,321</u>
Total	<u>\$ 428,650</u>	<u>\$ 270,286</u>	<u>\$ 158,364</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 99,851	\$ 113,565	\$ 13,714
Special Revenue	<u>256,666</u>	<u>220,389</u>	<u>(36,277)</u>
Total	<u>\$ 356,517</u>	<u>\$ 333,954</u>	<u>\$ (22,563)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 129,061	\$ 103,117	\$ 25,944
Special Revenue	<u>285,455</u>	<u>211,475</u>	<u>73,980</u>
Total	<u>\$ 414,516</u>	<u>\$ 314,592</u>	<u>\$ 99,924</u>

**CHESHIRE TOWNSHIP  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payment, 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 in the Township.

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

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

**5. RETIREMENT SYSTEM**

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. 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 through June 30, 2000. Effective July 1, 2000, the employers' contribution rate decreased to 8.13% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policy. OTARMA may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public officials' liability
- Vehicle



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

Cheshire Township  
Gallia County  
194 Stingy Creek Road  
Cheshire, Ohio 45620

To the Board of Trustees:

We have audited the accompanying financial statements of Cheshire Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 14, 2001. 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.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 14, 2001.

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

**Jim Petro**  
Auditor of State

March 14, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**CHESHIRE TOWNSHIP**

**GALLIA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 17, 2001**