



Dave Yost • Auditor of State

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

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Dave Yost • Auditor of State

Cheshire Township
Gallia County
1908 Turkey Run Road
Cheshire, Ohio 45620

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 10, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Cheshire Township
Gallia County
1908 Turkey Run 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, 2010 and 2009. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Township's larger (i.e., major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Cheshire Township, Gallia County, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

November 10, 2011

**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, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 41,704	\$ 89,084	\$ 130,788
Intergovernmental	78,132	138,702	216,834
Earnings on Investments	319	122	441
Miscellaneous		105	105
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	120,155	228,013	348,168
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	101,633	2,115	103,748
Public Safety	10,865		10,865
Public Works		153,688	153,688
Health	13,519		13,519
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	126,017	155,803	281,820
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(5,862)	72,210	66,348
	<hr/>	<hr/>	<hr/>
Other Financing Receipts / (Disbursements):			
Advances-In	5,000	5,000	10,000
Advances-Out	(5,000)	(5,000)	(10,000)
Other Financing Sources	31		31
Other Financing Uses	(575)		(575)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	(544)	0	(544)
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(6,406)	72,210	65,804
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	47,375	67,226	114,601
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 40,969</u>	<u>\$ 139,436</u>	<u>\$ 180,405</u>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	\$ 578	\$ 520	\$ 1,098
	<hr/>	<hr/>	<hr/>

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, 2009**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 67,319	\$ 82,361	\$ 149,680
Intergovernmental	67,594	135,904	203,498
Earnings on Investments	410	157	567
	<u>135,323</u>	<u>218,422</u>	<u>353,745</u>
Total Cash Receipts			
	<u>135,323</u>	<u>218,422</u>	<u>353,745</u>
Cash Disbursements:			
Current:			
General Government	95,689	2,000	97,689
Public Safety	10,500		10,500
Public Works		278,475	278,475
Health	17,545		17,545
Capital Outlay		5,236	5,236
	<u>123,734</u>	<u>285,711</u>	<u>409,445</u>
Total Cash Disbursements			
	<u>123,734</u>	<u>285,711</u>	<u>409,445</u>
Total Cash Receipts Over/(Under) Cash Disbursements	11,589	(67,289)	(55,700)
Other Financing Receipts / (Disbursements):			
Transfers-In		19,379	19,379
Transfers-Out	(19,379)		(19,379)
Other Financing Sources	144		144
Other Financing Uses	(195)		(195)
	<u>(19,430)</u>	<u>19,379</u>	<u>(51)</u>
Total Other Financing Receipts / (Disbursements)			
	<u>(19,430)</u>	<u>19,379</u>	<u>(51)</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(7,841)	(47,910)	(55,751)
Fund Cash Balances, January 1	55,216	115,136	170,352
	<u>55,216</u>	<u>115,136</u>	<u>170,352</u>
Fund Cash Balances, December 31	<u>\$ 47,375</u>	<u>\$ 67,226</u>	<u>\$ 114,601</u>
Reserve for Encumbrances, December 31	\$ 33,169	\$ 67,898	\$ 101,067
	<u>\$ 33,169</u>	<u>\$ 67,898</u>	<u>\$ 101,067</u>

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

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Cheshire Township, Gallia 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, and fire protection. The Township contracts with the Village of Middleport Fire Department to provide fire services.

The Township participates in the Ohio Plan Risk Management (OPRM), a 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.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Auditor of State prescribes or permits.

C. Deposits

The Township had one primary, interest bearing checking account during the audit period.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

E. 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 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.

2. 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.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

G. 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.

2. Equity in Pooled Deposits

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:

	2010	2009
Demand deposits	\$180,405	\$114,601

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$145,389	\$125,186	(\$20,203)
Special Revenue	206,208	233,013	26,805
Total	\$351,597	\$358,199	\$6,602

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$171,858	\$132,170	\$39,688
Special Revenue	248,759	161,323	87,436
Total	\$420,617	\$293,493	\$127,124

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$123,165	\$135,467	\$12,302
Special Revenue	225,180	237,801	12,621
Total	\$348,345	\$373,268	\$24,923

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$152,179	\$176,477	(\$24,298)
Special Revenue	414,781	353,609	61,172
Total	\$566,960	\$530,086	\$36,874

Contrary to Ohio law, appropriations exceeded actual resources in the Road and Bridge Fund by \$26,648 for the year ended December 31, 2009. Contrary to Ohio law, appropriations exceeded estimated resources in the General Fund by \$15,138 for the year ended December 31, 2009. Contrary to Ohio law, expenditures exceeded appropriations in the General, Motor Vehicle License and Gasoline Tax Funds by \$24,298, \$2,981, and \$26,306, respectively, for the year ended December 31, 2009.

4. Property Tax

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 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.

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 employees and officials 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 14% of their gross salaries and the Township contributed an amount equaling 10% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

6. Risk Pool Membership

The Township belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Risk Pool Membership (Continued)

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors.

The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Township participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Township does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Risk Pool Membership (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009, and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, www.ohioplan.org.



Dave Yost • Auditor of State

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

Cheshire Township
Gallia County
1908 Turkey Run Road
Cheshire, Ohio 45620

To the Board of Trustees:

We have audited the financial statements of Cheshire Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated November 10, 2011 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Government because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and another deficiency we consider to be a significant deficiency.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Findings 2010-03 and 2010-09 described in the accompanying Schedule of Findings to be material weaknesses.

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. We consider Finding 2010-07 described in the accompanying Schedule of Findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the 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 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2010-01 through 2010-08.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 10, 2011.

We intend this report solely for the information and use of management, the Board of Trustees and others within the Township. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

November 10, 2011

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-01

Finding for Recovery

Ohio Revised Code Section 505.601 states that if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium attributable to the coverage provided for that officer or employee for insurance benefits described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:

(A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium attributable to the coverage provided for them for insurance benefits described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.

(B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee.

(C) That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

Ohio Revised Code Section 505.60(A) provides, in part, if the board procures any insurance policies under this section, the board shall provide uniform coverage under these policies for township officers and full-time township employees and their immediate dependents, and may provide coverage under these policies for part-time township employees and their immediate dependents.

Cheshire Township did not procure health insurance for any of its officers or employee and had opted to reimburse them for actual out-of-pocket premium costs. Pursuant to Ohio Rev. Code Section 505.601, the Township Trustees adopted a resolution providing for a maximum monthly payment of \$825 for each officer and employee.

During 2009, Virginia Letson, Fiscal Officer, issued 10 checks to herself, totaling \$7,408.91 as reimbursement for her husband's payroll deductions for family healthcare coverage. The January 2009 reimbursement voucher was the only voucher that contained adequate support.

During 2010, Virginia Letson issued 12 checks to herself, totaling \$9,900 as reimbursement for her husband's payroll deductions for family healthcare coverage. None of the payments were supported by documentation of the actual out-of-pocket premium paid by either her or her husband.

We verified, through her now former husband's insurance provider, any amounts paid for healthcare insurance between January 1, 2009 and January 31, 2011. The provider confirmed that one payment for \$836.63 was made during the entire period.

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-01 (Continued)

Finding for Recovery (Continued)

The finding is as follows:

\$ 17,308	Total amount reimbursed during 2009 and 2010
<u> (825)</u>	Amount supported through confirmation at a maximum of \$825
\$ 16,483	Total reimbursement over actual out-of-pocket costs

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Virginia Letson, Fiscal Officer, and the Travelers Casualty and Surety Company of America, her bonding company, jointly and severally, in the amount of \$16,483 and in favor of Cheshire Township, Gallia County, General Fund for \$16,483.

FINDING NUMBER 2010-02

Finding for Recovery – Repaid Under Audit

Ohio Revised Code Section 505.601 states that if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium attributable to the coverage provided for that officer or employee for insurance benefits described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:

(A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium attributable to the coverage provided for them for insurance benefits described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.

(B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee to cover themselves and their immediate dependents, beyond which the township will not reimburse the officer or employee.

(C) That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

Ohio Revised Code Section 505.60 (A) provides in part, if the board procures any insurance policies under this section, the board shall provide uniform coverage under these policies for township officers and full-time township employees and their immediate dependents, and may provide coverage under these policies for part-time township employees and their immediate dependents.

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

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

FINDING NUMBER 2010-02 (Continued)

Finding for Recovery – Repaid Under Audit (Continued)

Cheshire Township does not procure health insurance for any of its officers or employee and has opted to reimburse them for actual out-of-pocket premium costs. Pursuant to Ohio Rev. Code Section 505.601, the Township Trustees adopted a resolution providing for a maximum monthly payment of \$825 for each officer and employee.

Township Trustee Joseph Roush’s monthly reimbursement was comprised of the following healthcare costs:

January 1, 2009 through September 1, 2009	
\$ 157.50	I.B.E.W. Local 683 Health & Welfare Fund
96.40	Social Security Medicare Medical Insurance
40.22	Ohio Public Employees Retirement System Medical and Pharmacy
\$ 294.12	

September 1, 2009 through December 31, 2009	
\$ 157.50	I.B.E.W. Local 683 Health & Welfare Fund
96.40	Social Security Medicare Medical Insurance
43.22	Ohio Public Employees Retirement System Medical and Pharmacy
\$ 297.12	

January 1, 2010 through December 31, 2010	
\$ 157.50	I.B.E.W. Local 683 Health & Welfare Fund
96.40	Social Security Medicare Medical Insurance
60.25	Ohio Public Employees Retirement System Medical and Pharmacy
\$ 314.15	

Mr. Roush provided a letter from the I.B.E.W. Local 683 Health & Welfare Fund as support for the portion relating to premium of \$157.50 for the period January 1, 2009 through December 31, 2010. The letter indicated the monthly premium was reduced from \$157.50 to \$60.00 beginning July 1, 2010. The amount reimbursed by the Township to Mr. Roush was never reduced to reflect the decrease in the monthly premium amount.

The finding is as follows:

\$ 157.50	Amount of actual reimbursement relating to the I.B.E.W. Local 683
60.00	Amount of actual premium
\$ 97.50	Monthly reimbursement over supported actual out-of-pocket costs
x 6	Months reimbursed at higher amount (July through December)
\$ 585.00	

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-02 (Continued)

Finding for Recovery Repaid Under Audit – Roush (Continued)

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Joseph D. Roush, Township Trustee, and his bonding company, the Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$585 and in favor of Cheshire Township, Gallia County, General Fund for \$585.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att’y Gen. No. 80-074.

Township Fiscal Officer Virginia Letson issued the checks that resulted in the improper reimbursements. Accordingly, Virginia Letson, Fiscal Officer, and her bonding company, the Travelers Casualty and Surety Company of America, will be jointly and severally liable in the total amount of \$585 and in favor of Cheshire Township’s General Fund to the extent that recovery is not obtained from Joseph D. Roush or his bonding company.

On November 1, 2011, Joseph D. Roush issued Check #2789 payable to the Cheshire Township General Fund in the amount of \$585 for repayment of the above Finding for Recovery.

FINDING NUMBER 2010-03

Noncompliance Citation and Material Weakness

Pursuant to Ohio Rev. Code Section 5705.14(E) money may be transferred from the general fund to any other fund of the subdivision. Transfers from the general fund require a resolution passed by a simple majority of the board members.

To cover a negative balance in the Road and Bridge Fund as a result of prior year audit adjustments, the Township transferred \$19,379 from the General Fund to the Road and Bridge Fund during 2009. However, the Board of Trustees did not authorize this transfer.

We recommend the Fiscal Officer obtain authorization by way of a Board resolution before transferring any funds.

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-04

Noncompliance Citation

Ohio Rev. Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the Budget Commission, and the Budget Commission shall certify an amended certificate reflecting the deficiency.

Appropriations exceeded actual resources in the Road and Bridge Fund by \$26,648 at December 31, 2009. This could cause the Township to obligate or expend more money than is available.

We recommend the Township monitor estimated and actual revenues for all funds on a regular basis. In a situation where appropriations exceed actual resources, the Township should adjust appropriations accordingly.

FINDING NUMBER 2010-05

Noncompliance Citation

Ohio Rev. Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources.

General Fund appropriations exceeded estimated resources by \$15,138 at December 31, 2009. For the final amended appropriation resolution, there was no certificate from the budget commission indicating whether appropriations exceeded estimated resources. This could result in expending more money than is available.

We recommend the Fiscal Officer monitor its estimated revenue and appropriations to ensure that appropriations are within estimated resources. We further recommend, in conjunction with filing amended appropriations, the Township obtain a certificate from the budget commission indicating whether appropriations exceed resources.

FINDING NUMBER 2010-06

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The Fiscal Officer must certify that the amount required to meet 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. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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 Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

CHESHIRE TOWNSHIP
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)

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

FINDING NUMBER 2010-06 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (Continued)

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 Township can authorize the drawing of a warrant for the payment of the amount due. The Township 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 Township.

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 Township 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. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During 2009, 26 percent of the disbursement transactions tested were not properly certified and there was no evidence that the Township followed the aforementioned exceptions. Also, during 2010, 40 percent of the disbursement transactions tested were not properly certified and there was no evidence that the Township followed the aforementioned exceptions.

The Township did not have sufficient internal controls in place to ensure the certification of the availability of funds. Failure to certify the availability of funds properly can result in overspending funds and negative cash balances.

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but is also a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that 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.

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

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

FINDING NUMBER 2010-06 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (Continued)

We recommend the Township officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certificate language of Ohio Rev. Code Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs the commitment, and only when the requirements of Ohio Rev. Code Section 5705.41(D) are satisfied.

The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

FINDING NUMBER 2010-07

Noncompliance Citation and Significant Deficiency

Ohio Revised Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund is established.

Auditor of State Bulletin 1997-03 states that In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established; the reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and advances must be approved by a formal resolution of the taxing authority of the subdivision. This resolution must include:

- a. A specific statement that the transaction is an advance of cash, and
- b. An indication of the money (fund) from which it is expected that repayment will be made.

During 2010, \$5,000 was advanced from the Gasoline Tax Fund to the General Fund. The advance made from a restricted fund and was not authorized by the Trustees. This could result in using money from the Gasoline Tax Fund for unauthorized uses. The advance was repaid on December 31, 2010.

We recommend the Township review AOS Bulletin 1997-003 before advancing funds to ensure that money is not expended for unauthorized purposes. We further recommend the Board of Trustees authorize all advances prior to posting.

FINDING NUMBER 2010-08

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-08 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(B) (Continued)

At December 31, 2009, the Township's actual expenditures, plus outstanding encumbrances exceeded the appropriations as follows:

	<u>Appropriations</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$ 152,179	\$ 176,477	\$ (24,298)
Motor Vehicle License Tax	13,000	15,981	(2,981)
Gasoline Tax Fund	120,000	146,306	(26,306)

The excesses resulted from audit adjustments to report purchase obligations existing at December 31, 2009. Expending or obligating more than appropriated can result in deficit spending by the Township.

We recommend the Township encumber all obligations as required so that the financial system reflects accurate amounts for adequate budgetary monitoring.

FINDING NUMBER 2010-09

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, we noted the following errors in the financial statements that required audit adjustment or reclassification:

For the year ended December 31, 2009:

- Receipts from the State such as Franchise Fees, Tangible Personal Property Tax Reimbursements and Utility Reimbursements were improperly posted as Property and Other Local Taxes rather than Intergovernmental Receipts. As a result, \$32,987 was posted as a reclassifying adjustment to the General Fund Financial Statements and \$40,791 was posted as a reclassifying adjustment to the Road & Bridge fund.
- Expenditures for the mowing of the Township cemeteries were improperly posted to the Road & Bridge and Gasoline Tax Funds rather than the General Fund. As a result, an adjustment of \$11,550 was posted to increase Health expenditures in the General Fund. Corresponding adjustments of \$6,600 and \$1,650 were posted to decrease Public Works and Capital Outlay, respectively, in the Road and Bridge Fund; and \$3,300 to decrease Public Works in the Gasoline Tax Fund.
- Expenditures for the fire contract were improperly posted to the Road & Bridge Fund rather than the General Fund. As a result \$10,500 was posted to increase Public Safety in the General Fund. A corresponding adjustment of \$10,500 was posted to decrease Capital Outlay in the Road and Bridge fund.
- Expenditures for bank fees noted in performing the bank reconciliation were not recorded. As a result, an adjustment of \$22 was posted to General Government in the General Fund.

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-09 (Continued)

Material Weakness (Continued)

- A deposit recorded as revenue in 2008 was returned in 2009. As a result, an adjustment decreasing the General Fund beginning balance by \$750 was posted.
- Check #7963 was voided in the books, but cleared the bank during 2009. As a result, an adjustment of \$825 was posted to increase General Government in the General Fund.
- Reserve for encumbrances relating to payroll expenditures carried over from the prior period. As a result, an adjustment of \$577 was posted to reduce the reserve for encumbrances in the General Fund, and an adjustment of \$520 was posted to reduce the reserve for encumbrances in the Gasoline Tax Fund.
- A contract, completed in 2009, was not paid in full until 2010 and remained as an obligation for the Township at December 31, 2009. As a result, adjustments were posted to increase Reserve for Encumbrances in the following funds: \$33,168 in the General Fund, \$62,359 in the Gasoline Tax Fund, and \$4,500 in the Motor Vehicle License Tax Fund.
- Expenditures related to resurfacing roads were posted as Capital Outlay in the Road & Bridge Fund rather than Public Works. As a result, \$7,614 was posted as reclassifying adjustment to Road & Bridge Fund.
- Expenditures related to resurfacing roads were posted to the General Fund rather than the Gasoline Tax Fund. As a result, an adjustment of \$7,027 was posted to the Gasoline Tax Fund.

For the year ended December 31, 2010:

- Receipts from the State such as Franchise Fees, Tangible Personal Property Tax reimbursements, and Utility Reimbursements were improperly posted as Property and Other Local Taxes rather than Intergovernmental Receipts. As a result, \$16,672 was posted as a reclassifying adjustment to the General Fund and \$20,402 was posted as a reclassifying adjustment to the Road & Bridge fund.
- Expenditures for the mowing of Township cemeteries was improperly classified as Public Works rather than Health in the General Fund. As a result, \$7,455 was posted as reclassifying adjustment.
- Expenditures for the mowing of township cemeteries was improperly posted to the Road & Bridge Fund and Gasoline Tax Fund. As a result, \$4,095 was posted to increase Health expenditures in the General Fund, with corresponding entries of \$2,445 and \$1,650 posted to decrease Public Works in the Gasoline Tax Fund and Road & Bridge Fund, respectively.
- Expenditures for the Fire Contract were improperly posted in the General Fund as follows: \$3,000 to Other Financing Uses, \$2,000 to General Government, and \$1,000 to Health, rather than Public Safety. As a result, reclassifying adjustments were posted.
- Expenditures for the Fire Contract were improperly posted to the Gasoline Tax Fund. As a result, an adjustment of \$4,500 was posted to increase Public Safety in the General Fund. A corresponding adjustment of \$4,500 was posted to decrease Public Works in the Gasoline Tax Fund.
- General Fund Expenditures in the amount of \$1,213 for workers compensation payments were posted to Other Financing Uses, rather than General Government. As a result, a reclassifying adjustment was posted.
- Expenditures for workers compensation payments were improperly posted to the General Fund. As a result, an adjustment of \$1,212 was posted to increase Public Works in the Gasoline Tax Fund and decrease Other Financing Uses in the General Fund.

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

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

FINDING NUMBER 2010-09 (Continued)

Material Weakness (Continued)

- General Fund expenditures related to road work were improperly posted as follows: \$40,533 to General Government, \$6,000 to Other Financing Uses, \$2,000 to Health and \$635 to Public Safety rather than to Public Works. As a result, reclassifying adjustments were posted.
- Expenditures related to the resurfacing of roads were posted to the General Fund rather than the Gasoline Tax Fund or the Road and Bridge Fund. As a result, adjustments of \$13,358 and \$35,014 were posted to Public Works in the Gasoline Tax Fund and Road and Bridge Fund, respectively.
- Road & Bridge expenditures related to road work in the amount of \$285 were improperly posted to General Government rather than Public Works. As a result, reclassifying adjustments were posted.
- An unrecorded Motor Vehicle License Tax receipt was noted as being deposited into the checking account. As a result, an adjustment increasing Intergovernmental Receipts by \$631 was posted to the Motor Vehicle License Tax Fund.

These misstatements were caused by a lack of management oversight. As a result, significant adjustments and reclassifications, with which the Township's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

We recommend the Fiscal Officer refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts and expenditures.

Officials' Response:

The Officials did not respond to the findings above.

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations.	No	Not Corrected: Repeated as Finding 2010-08.
2008-002	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D)(1) for failure to encumber all obligations.	No	Not Corrected: Repeated as Finding 2010-06.
2008-003	A material weakness was issued due to sound financial reporting concerns from significant mispostings.	No	Not Corrected: Repeated as Finding 2010-09.

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Dave Yost • Auditor of State

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
NOVEMBER 29, 2011**