



Dave Yost • Auditor of State

**CHIPPEWA TOWNSHIP
WAYNE COUNTY**

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WAYNE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Chippewa Township
Wayne County
14228 Galehouse Road
P.O. Box 265
Doylestown, Ohio 44230

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chippewa Township, Wayne County, Ohio, (the Township), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Chippewa Township, Wayne County, Ohio, as of December 31, 2010 and 2009, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road & Bridge Fund, Special Levy – Fire & EMS Fund and Special Levy – Policy Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

September 26, 2011

Chippewa Township, Wayne County
Management's Discussion and Analysis
For the Year Ended December 31, 2010 and 2009
Unaudited

This discussion and analysis of Chippewa Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2010 and 2009, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2010 are as follows:

Net assets of governmental activities increased \$442,077 or 19.5 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund and the Special Levy – Fire and EMS Fund.

The Township's general receipts are primarily property taxes. These receipts represent 51.0% percent of the total cash received for governmental activities during the year.

Key highlights for 2009 are as follows:

Net assets of governmental activities decreased \$160,276 or 6.6 percent. The fund most affected by the decrease in cash and cash equivalents was the Special Levy – Fire and EMS Fund.

The Township's general receipts are primarily property taxes. These receipts represent 54.1% percent of the total cash received for governmental activities during the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not

Chippewa Township, Wayne County
Management's Discussion and Analysis
For the Year Ended December 31, 2010 and 2009
Unaudited

recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Township did financially during 2010 and 2009, within the limitations of modified cash basis accounting. The Statement of Net Assets presents the cash balances of the governmental activities of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the Statement of Net Assets and the Statement of Activities, the governmental activities of the Township are reported here, including general government services and road and bridge maintenance. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds for 2010 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Special Levy – Police Fund and Special Levy – Fire and EMS Fund and for 2009 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund and Special Levy – Fire and EMS Fund .

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

Chippewa Township, Wayne County
 Management's Discussion and Analysis
 For the Year Ended December 31, 2010 and 2009
 Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2010 and 2009 compared to 2008 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2010	2009	2008
Assets			
Cash and Cash Equivalents	\$2,711,453	\$2,269,376	\$2,429,652
Net Assets			
Restricted for:			
Capital Outlay	76,486	71,790	\$62,184
Other Purposes	2,132,478	1,807,006	1,975,861
Unrestricted	502,489	390,580	391,607
Total Net Assets	\$2,711,453	\$2,269,376	\$2,429,652

As mentioned previously, net assets of governmental activities increased \$442,077 or 19.5 percent during 2010. The primary reason contributing to the increases in cash balances is as follows:

- Decrease in spending by the Township in an effort to save money.

Net assets of governmental activities decreased \$160,276 or 6.6 percent during 2009. The primary reason contributing to the decreases in cash balances is as follows:

- Decrease in FEMA grant funding for fire and EMS services

Table 2 reflects the changes in net assets on a cash basis in 2010, 2009 and 2008 for governmental activities.

Chippewa Township, Wayne County
Management's Discussion and Analysis
For the Year Ended December 31, 2010 and 2009
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2010	2009	2008
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$196,809	\$185,234	\$175,409
Operating Grants and Contributions	181,677	139,862	129,565
Capital Grants and Contributions	38,595	37,009	327,990
Total Program Receipts	<u>417,081</u>	<u>362,105</u>	<u>632,964</u>
General Receipts:			
Property and Other Local Taxes	978,605	960,689	958,388
Grants and Entitlements Not Restricted to Specific Programs	384,566	381,542	335,126
Sale of Capital Assets	8,602	42,300	17,656
Interest	9,299	17,194	55,211
Miscellaneous	121,975	13,096	5,795
Total General Receipts	<u>1,503,047</u>	<u>1,414,821</u>	<u>1,372,176</u>
Total Receipts	<u>1,920,128</u>	<u>1,776,926</u>	<u>2,005,140</u>
Disbursements:			
General Government	313,176	309,375	316,869
Public Safety	644,226	790,485	726,482
Public Works	476,389	513,756	513,969
Health	4,484	17,449	52,298
Capital Outlay	39,778	306,137	700,822
Total Disbursements	<u>1,478,053</u>	<u>1,937,202</u>	<u>2,310,440</u>
Increase (Decrease) in Net Assets	442,077	(160,276)	(305,300)
Net Assets, January 1	<u>2,269,376</u>	<u>2,429,652</u>	<u>2,734,952</u>
Net Assets, December 31	<u>\$2,711,453</u>	<u>\$2,269,376</u>	<u>\$2,429,652</u>

Program receipts represent only 21.7 percent and 20.4 percent of total receipts for 2010 and 2009, respectively, and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 78.3 percent and 79.6 percent of the Township's total receipts for 2010 and 2009, respectively, and of this amount, over 65 percent and 67 percent, respectively, are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (25.6 percent and 27 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Chippewa Township, Wayne County
Management's Discussion and Analysis
For the Year Ended December 31, 2010 and 2009
Unaudited

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Fiscal Officer and Trustees, as well as internal services such as payroll and purchasing.

Disbursements for Public Safety are the costs of providing fire services to the Township's residents. Disbursements for Public Works are the costs of constructing, maintaining and repairing Township road and bridges.

Governmental Activities

If you look at the Statement of Activities on page 10 and 20, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities in 2010 and 2009 are for public safety, which account for 43.5 percent and 40.8 percent, respectively, of all governmental disbursements. Public Works also represents a significant cost, about 32.2 percent and 26.5 percent for 2010 and 2009, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost	Total Cost	Total Cost	Net Cost	Net Cost	Net Cost
	of Services	of Services	of Services	of Services	of Services	of Services
	2010	2009	2008	2010	2009	2008
General Government	313,176	309,375	\$ 316,869	\$ (313,176)	\$ (309,375)	\$ (316,869)
Public Safety	644,226	709,485	726,482	(491,712)	(637,380)	(302,522)
Public Works	476,389	513,756	513,969	(336,817)	(420,897)	(314,211)
Health	4,484	17,449	52,298	(4,484)	(17,449)	(51,598)
Other				124,995	116,141	8,546
Capital Outlay	39,778	306,137	700,822	(39,778)	(306,137)	(700,822)
Total Expenses	\$ 1,478,053	\$ 1,856,202	\$ 2,310,440	\$ (1,060,972)	\$ (1,575,097)	\$ (1,677,476)

The dependence upon property tax receipts is apparent as over 71.8 percent and 84.9 percent of governmental activities are supported through these general receipts for 2010 and 2009, respectively.

The Township's Funds

Total governmental funds had receipts of \$1,920,130 and \$1,776,927 and disbursements of \$1,478,053 and \$1,937,202 for 2010 and 2009, respectively. The greatest change within governmental funds for 2010 occurred within the General Fund. The fund balance of the General Fund increased \$111,909 as a result of receipts exceeding disbursements. The greatest change within governmental funds for 2009 occurred within the Special Levy – Fire and EMS Fund. The fund balance of the Special Levy – Fire and EMS Fund decreased \$224,287 as the result of capital outlay purchases.

Chippewa Township, Wayne County
Management's Discussion and Analysis
For the Year Ended December 31, 2010 and 2009
Unaudited

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2010 and 2009, the Township did not amend its General Fund budget. Final budgeted receipts were below actual receipts due to the Township not budgeting for all anticipated intergovernmental receipts.

Final disbursements were budgeted at \$650,000 and \$504,000 for 2010 and 2009, respectively, while actual disbursements were \$325,356 and 319,287 for 2010 and 2009, respectively.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes.

Contacting the Townships Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Laurie Farlow, Fiscal Officer, Chippewa Township, 14288 Galehouse Road, P.O. Box 265, Doylestown, Ohio 44230.

Chippewa Township
Wayne County
Statement of Net Assets - Cash Basis
December 31, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,711,453</u>
Net Assets	
Restricted for:	
Capital Projects	\$76,486
Other Purposes	2,132,478
Unrestricted	<u>502,489</u>
<i>Total Net Assets</i>	<u>\$2,711,453</u>

See accompanying notes to the basic financial statements

Chippewa Township
Wayne County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010

	General	Gasoline Tax	Road and Bridge	Special Levy - Police	Special Levy - Fire & EMS	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$502,489	\$589,189	\$351,761	\$29,205	\$663,689	\$575,120	\$2,711,453
Fund Balances							
Reserved for:							
Encumbrances	583	1,820			6,000		8,403
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	501,906						501,906
Special Revenue Funds		587,369	351,761	29,205	657,689	498,634	2,124,658
Capital Projects Funds						76,486	76,486
Total Fund Balances	\$502,489	\$589,189	\$351,761	\$29,205	\$663,689	\$575,120	\$2,711,453

See accompanying notes to the basic financial statements

Chippewa Township
Wayne County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Gasoline Tax	Road and Bridge	Special Levy - Police	Special Levy - Fire and EMS	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$72,827		\$330,888	\$114,615	\$449,703	\$38,595	\$1,006,628
Charges for Services						76,951	76,951
Licenses, Permits and Fees	72,842					2,700	75,542
Fines and Forfeitures	21						21
Intergovernmental	170,001	107,282	77,256	28,444	162,733	57,584	603,300
Special Assessments						807	807
Interest	6,062	2,260				1,104	9,426
Other	115,512		9,429		10,222	3,690	138,853
<i>Total Receipts</i>	<u>437,265</u>	<u>109,542</u>	<u>417,573</u>	<u>143,059</u>	<u>622,658</u>	<u>181,431</u>	<u>1,911,528</u>
Disbursements							
Current:							
General Government	313,176						313,176
Public Safety	360			157,436	463,964	22,466	644,226
Public Works		74,126	374,368			27,895	476,389
Health	1,925					278	2,203
Human Services					2,281		2,281
Capital Outlay	9,895				25,977	3,906	39,778
<i>Total Disbursements</i>	<u>325,356</u>	<u>74,126</u>	<u>374,368</u>	<u>157,436</u>	<u>492,222</u>	<u>54,545</u>	<u>1,478,053</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>111,909</u>	<u>35,416</u>	<u>43,205</u>	<u>(14,377)</u>	<u>130,436</u>	<u>126,886</u>	<u>433,475</u>
Other Financing Sources							
Sale of Capital Assets						8,602	8,602
<i>Total Other Financing Sources</i>						<u>8,602</u>	<u>8,602</u>
<i>Net Change in Fund Balances</i>	111,909	35,416	43,205	(14,377)	130,436	135,488	442,077
<i>Fund Balances Beginning of Year</i>	<u>390,580</u>	<u>553,773</u>	<u>308,556</u>	<u>43,582</u>	<u>533,253</u>	<u>439,632</u>	<u>2,269,376</u>
<i>Fund Balances End of Year</i>	<u>\$502,489</u>	<u>\$589,189</u>	<u>\$351,761</u>	<u>\$29,205</u>	<u>\$663,689</u>	<u>\$575,120</u>	<u>\$2,711,453</u>

See accompanying notes to the basic financial statements

CHIPPEWA TOWNSHIP, WAYNE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$84,000	\$84,000	\$72,827	(\$11,173)
Licenses, Permits and Fees	45,000	45,000	72,842	27,842
Fines and Forfeitures	5,000	5,000	21	(4,979)
Intergovernmental	110,010	110,010	170,001	59,991
Earnings on Investments	15,000	15,000	6,062	(8,938)
Miscellaneous	1,500	1,500	115,512	114,012
<i>Total Receipts</i>	<u>260,510</u>	<u>260,510</u>	<u>437,265</u>	<u>176,755</u>
Disbursements				
Current:				
General Government	481,100	481,100	313,759	167,341
Public Safety	5,000	5,000	360	4,640
Health	31,900	31,900	1,925	29,975
Capital Outlay	96,000	96,000	9,895	86,105
<i>Total Disbursements</i>	<u>614,000</u>	<u>614,000</u>	<u>325,939</u>	<u>288,061</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(353,490)</u>	<u>(353,490)</u>	<u>111,326</u>	<u>464,816</u>
Other Financing Uses				
Other Financing Uses	<u>(36,000)</u>	<u>(36,000)</u>		<u>36,000</u>
<i>Total Other Financing Uses</i>	<u>(36,000)</u>	<u>(36,000)</u>		<u>36,000</u>
<i>Net Change in Fund Balance</i>	<u>(389,490)</u>	<u>(389,490)</u>	<u>111,326</u>	<u>500,816</u>
<i>Fund Balance Beginning of Year</i>	390,580	390,580	390,580	
<i>Fund Balance End of Year</i>	<u>1,090</u>	<u>1,090</u>	<u>501,906</u>	<u>500,816</u>

See accompanying notes to the basic financial statements

CHIPPEWA TOWNSHIP, WAYNE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$111,000	\$111,000	\$107,283	(\$3,717)
Earnings on Investments	450	450	2,260	1,810
<i>Total Receipts</i>	<u>111,450</u>	<u>111,450</u>	<u>109,542</u>	<u>(1,908)</u>
Disbursements				
Current:				
Public Works	117,200	117,200	75,946	41,254
<i>Total Disbursements</i>	<u>117,200</u>	<u>117,200</u>	<u>75,946</u>	<u>41,254</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,750)</u>	<u>(5,750)</u>	<u>33,596</u>	<u>39,346</u>
<i>Fund Balance Beginning of Year</i>	553,773	553,773	553,773	
<i>Fund Balance End of Year</i>	<u>548,023</u>	<u>548,023</u>	<u>587,369</u>	<u>39,346</u>

See accompanying notes to the basic financial statements

CHIPPEWA TOWNSHIP, WAYNE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$365,000	\$365,000	\$330,888	(\$34,112)
Intergovernmental	1,000	1,000	77,256	76,256
Miscellaneous	500	500	9,429	8,929
<i>Total Receipts</i>	<u>366,500</u>	<u>366,500</u>	<u>417,573</u>	<u>51,073</u>
Disbursements				
Current:				
Public Works	540,000	540,000	374,368	165,632
Capital Outlay	110,000	110,000		110,000
<i>Total Disbursements</i>	<u>650,000</u>	<u>650,000</u>	<u>374,368</u>	<u>275,632</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(283,500)</u>	<u>(283,500)</u>	<u>43,205</u>	<u>326,705</u>
<i>Net Change in Fund Balance</i>	(283,500)	(283,500)	43,205	326,705
<i>Fund Balance Beginning of Year</i>	308,556	308,556	308,556	
<i>Fund Balance End of Year</i>	<u>25,056</u>	<u>25,056</u>	<u>351,761</u>	<u>326,705</u>

See accompanying notes to the basic financial statements

CHIPPEWA TOWNSHIP, WAYNE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Special Levy - Police Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$127,500	\$127,500	\$114,615	(\$12,885)
Intergovernmental			28,444	28,444
<i>Total Receipts</i>	<i>127,500</i>	<i>127,500</i>	<i>143,059</i>	<i>15,559</i>
Disbursements				
Current:				
Public Safety	165,000	165,000	157,436	7,564
<i>Total Disbursements</i>	<i>165,000</i>	<i>165,000</i>	<i>157,436</i>	<i>7,564</i>
<i>Excess of Receipts Under Disbursements</i>	<i>(37,500)</i>	<i>(37,500)</i>	<i>(14,377)</i>	<i>23,123</i>
<i>Net Change in Fund Balance</i>	<i>(37,500)</i>	<i>(37,500)</i>	<i>(14,377)</i>	<i>23,123</i>
<i>Fund Balance Beginning of Year</i>	<i>43,582</i>	<i>43,582</i>	<i>43,582</i>	
<i>Fund Balance End of Year</i>	<i>6,082</i>	<i>6,082</i>	<i>29,205</i>	<i>23,123</i>

See accompanying notes to the basic financial statements

CHIPPEWA TOWNSHIP, WAYNE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$111,000	\$111,000	\$107,283	(\$3,717)
Earnings on Investments	450	450	2,260	1,810
<i>Total Receipts</i>	<u>111,450</u>	<u>111,450</u>	<u>109,542</u>	<u>(1,908)</u>
Disbursements				
Current:				
Public Works	117,200	117,200	75,946	41,254
<i>Total Disbursements</i>	<u>117,200</u>	<u>117,200</u>	<u>75,946</u>	<u>41,254</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,750)</u>	<u>(5,750)</u>	<u>33,596</u>	<u>39,346</u>
<i>Fund Balance Beginning of Year</i>	553,773	553,773	553,773	
<i>Fund Balance End of Year</i>	<u>548,023</u>	<u>548,023</u>	<u>587,369</u>	<u>39,346</u>

See accompanying notes to the basic financial statements

Chippewa Township
Wayne County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2010

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,083</u>
Net Assets	
Restricted for:	
Other purposes	<u>\$1,083</u>

See accompanying notes to the basic financial statements

Chippewa Township
Wayne County
Statement of Net Assets - Cash Basis
December 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,269,376</u>
Net Assets	
Restricted for:	
Capital Projects	\$71,790
Other Purposes	1,807,006
Unrestricted	<u>390,580</u>
<i>Total Net Assets</i>	<u>\$2,269,376</u>

See accompanying notes to the basic financial statements

Wayne Township
Wayne County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Program Cash Receipts			Net (Disbursements)
	Cash	Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Assets
Governmental Activities	<u>Disbursements</u>		<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
General Government	\$309,375			(\$309,375)
Public Safety	790,485	148,105	5,000	(637,380)
Public Works	513,756	37,009	18,841	(420,897)
Health	17,449			(17,449)
Other		120	116,021	116,141
Capital Outlay	<u>306,137</u>			<u>(306,137)</u>
<i>Total Governmental Activities</i>	1,937,202	185,234	139,862	(1,575,097)
General Receipts				
Property Taxes Levied for:				
				72,243
				328,641
				113,747
				446,058
				381,542
				42,300
				17,194
				<u>13,096</u>
				1,414,821
				(160,276)
				<u>2,429,652</u>
				<u>\$2,269,376</u>

See accompanying notes to the basic financial statements

Chippewa Township
Wayne County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General	Gasoline Tax	Road and Bridge	Special Levy - Fire & EMS	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$390,580	\$553,773	\$308,556	\$533,253	\$483,214	\$2,269,376
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	390,580					390,580
Special Revenue Funds		553,773	308,556	533,253	411,424	1,807,006
Capital Projects Funds					71,790	71,790
<i>Total Fund Balances</i>	<u>\$390,580</u>	<u>\$553,773</u>	<u>\$308,556</u>	<u>\$533,253</u>	<u>\$483,214</u>	<u>\$2,269,376</u>

See accompanying notes to the basic financial statements

Chippewa Township
Wayne County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Gasoline Tax	Road and Bridge	Special Levy - Fire and EMS	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$72,243		\$328,641	\$446,058	\$150,765	\$997,707
Charges for Services					88,868	88,868
Licenses, Permits and Fees	55,920				3,125	59,045
Fines and Forfeitures	192					192
Intergovernmental	167,805	105,842	77,225	118,920	83,572	553,364
Interest	11,663	3,852			1,839	17,354
Other	10,433		1,575	6,088		18,096
<i>Total Receipts</i>	<u>318,256</u>	<u>109,694</u>	<u>407,441</u>	<u>571,066</u>	<u>328,169</u>	<u>1,734,626</u>
Disbursements						
Current:						
General Government	309,375					309,375
Public Safety	4,074			510,799	275,612	790,485
Public Works		67,192	352,092		94,472	513,756
Health	5,834				434	6,268
Human Services				11,181		11,181
Capital Outlay				273,373	32,764	306,137
<i>Total Disbursements</i>	<u>319,283</u>	<u>67,192</u>	<u>352,092</u>	<u>795,353</u>	<u>403,282</u>	<u>1,937,202</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,027)</u>	<u>42,502</u>	<u>55,349</u>	<u>(224,287)</u>	<u>(75,113)</u>	<u>(202,576)</u>
Other Financing Sources						
Sale of Capital Assets					42,300	42,300
<i>Total Other Financing Sources</i>					<u>42,300</u>	<u>42,300</u>
<i>Net Change in Fund Balances</i>	<u>(1,027)</u>	<u>42,502</u>	<u>55,349</u>	<u>(224,287)</u>	<u>(32,813)</u>	<u>(160,276)</u>
<i>Fund Balances Beginning of Year</i>	<u>391,607</u>	<u>511,271</u>	<u>253,207</u>	<u>757,540</u>	<u>516,027</u>	<u>2,429,652</u>
<i>Fund Balances End of Year</i>	<u>\$390,580</u>	<u>\$553,773</u>	<u>\$308,556</u>	<u>\$533,253</u>	<u>\$483,214</u>	<u>\$2,269,376</u>

See accompanying notes to the basic financial statements

CHIPPEWA TOWNSHIP, WAYNE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$76,900	\$76,900	\$72,243	(\$4,657)
Licenses, Permits and Fees	30,000	30,000	55,920	25,920
Fines and Forfeitures	13,000	13,000	192	(12,808)
Intergovernmental	136,752	136,752	167,805	31,052
Earnings on Investments	50,000	50,000	11,663	(38,337)
Miscellaneous	1,500	1,500	10,433	8,933
<i>Total Receipts</i>	308,152	308,152	318,256	10,104
Disbursements				
Current:				
General Government	407,800	407,800	309,375	98,425
Public Safety	28,300	28,300	4,074	24,226
Health	19,900	19,900	5,834	14,066
Capital Outlay	12,000	12,000		12,000
<i>Total Disbursements</i>	468,000	468,000	319,283	148,717
<i>Excess of Receipts Under Disbursements</i>	(159,848)	(159,848)	(1,027)	158,821
Other Financing Sources Uses				
Other Financing Uses	(36,000)	(36,000)		36,000
<i>Total Other Financing Sources Uses</i>	(36,000)	(36,000)		36,000
<i>Net Change in Fund Balance</i>	(195,848)	(195,848)	(1,027)	194,821
<i>Fund Balance Beginning of Year</i>	391,607	391,607	391,607	
<i>Fund Balance End of Year</i>	195,759	195,759	390,580	194,821

See accompanying notes to the basic financial statements

CHIPPEWA TOWNSHIP, WAYNE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$52,000	\$52,000	\$105,842	\$53,842
Earnings on Investments	450	450	3,852	3,402
<i>Total Receipts</i>	<u>52,450</u>	<u>52,450</u>	<u>109,694</u>	<u>57,244</u>
Disbursements				
Current:				
Public Works	87,200	87,200	67,192	20,008
<i>Total Disbursements</i>	<u>87,200</u>	<u>87,200</u>	<u>67,192</u>	<u>20,008</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(34,750)</u>	<u>(34,750)</u>	<u>42,502</u>	<u>77,252</u>
<i>Fund Balance Beginning of Year</i>	511,271	511,271	511,271	
<i>Fund Balance End of Year</i>	<u>476,521</u>	<u>476,521</u>	<u>553,773</u>	<u>77,252</u>

See accompanying notes to the basic financial statements

CHIPPEWA TOWNSHIP, WAYNE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$336,900	\$336,900	\$328,641	(\$8,259)
Intergovernmental	8,500	8,500	77,225	68,725
Miscellaneous	2,300	2,300	1,575	(725)
<i>Total Receipts</i>	<u>347,700</u>	<u>347,700</u>	<u>407,441</u>	<u>407,441</u>
Disbursements				
Current:				
Public Works	482,500	482,500	352,092	130,408
Capital Outlay	110,000	110,000		110,000
<i>Total Disbursements</i>	<u>592,500</u>	<u>592,500</u>	<u>352,092</u>	<u>240,408</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(244,800)</u>	<u>(244,800)</u>	<u>55,349</u>	<u>300,149</u>
<i>Fund Balance Beginning of Year</i>	253,207	253,207	253,207	
<i>Fund Balance End of Year</i>	<u>8,407</u>	<u>8,407</u>	<u>308,556</u>	<u>300,149</u>

See accompanying notes to the basic financial statements

CHIPPEWA TOWNSHIP, WAYNE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Special Levy - Fire and EMS Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$489,500	\$489,500	\$446,058	(\$43,442)
Intergovernmental	6,411	64,076	118,920	54,844
Miscellaneous			6,088	6,088
<i>Total Receipts</i>	495,911	553,576	571,066	17,490
Disbursements				
Current:				
Public Safety	611,450	611,450	510,799	100,651
Human Services		57,665	11,181	46,484
Capital Outlay	340,000	340,000	273,373	66,627
<i>Total Disbursements</i>	951,450	1,009,115	795,353	213,762
<i>Excess of Receipts Under Disbursements</i>	(455,539)	(455,539)	(224,287)	231,252
<i>Fund Balance Beginning of Year</i>	757,540	757,540	757,540	
<i>Fund Balance End of Year</i>	302,001	302,001	533,253	231,252

See accompanying notes to the basic financial statements

Chippewa Township
Wayne County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2009

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,083</u>
Net Assets	
Restricted for:	
Other purposes	<u>\$1,083</u>

See accompanying notes to the basic financial statements

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Chippewa Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 1 – Reporting Entity

Chippewa Township, Wayne County, Ohio, (the Township) 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Marshallville Fire Department to assist in fire protection and emergency medical services. The Township contracts with the Wayne Sheriff's Department to provide police protection services.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Chippewa Township has no component units

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes,

Chippewa Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements (continued)

intergovernmental receipts or other nonexchange transactions. The Township does not report any business-type activities that are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the cash balances of the governmental activities of the Township at year end. The Statement of Activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories, governmental and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Special Levy – Police (only major in 2010) and Special Levy – Fire and EMS Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax Fund is used to account for gasoline tax money which the Township can only use to pay for constructing, maintaining, and repairing Township roads. The Road and Bridge Fund is used to account for tax money which the Township can only use for constructing, maintaining, and repairing Township roads. The Special Levy – Police Fund is used to account for tax money which the Township can use for police protection. The Special Levy – Fire and EMS Fund is used to account for tax money which the Township can only use for fire protection.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Note 2 – Summary of Significant Accounting Policies (continued)

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township has no trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township's agency fund accounts for unclaimed monies.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments (continued)

The Township had no investments during 2009 and 2010.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2010 and 2009 were \$6,062 and \$11,663, respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. During 2010 and 2009, the Township did not report any restricted assets.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road work.

Note 2 – Summary of Significant Accounting Policies (continued)

M. Net Assets (continued)

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Special Levy – Police and Special Levy – Fire and EMS Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Chippewa Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 4 – Deposits and Investments (continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2009 and 2010, \$2,473,186 and \$2,059,459 of the Township's bank balance of \$2,723,186 and \$2,309,727 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

At December 31, 2010 and 2009, the Township had no investments

Note 5 – Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the Township. Property tax receipts received in 2009 and 2010 for real and public utility property taxes represents collections of the 2008 and 2009 taxes.

Chippewa Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 5 – Property Taxes (continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property was eliminated in 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the County due to the phasing out of the tax. In 2007-2010, the Township was fully reimbursed for the lost revenue. In 2011-2017, the reimbursements will be phased out.

2009 and 2010 real property taxes are levied after October 1, 2009 and 2010 on the assessed values as of January 1, 2009 and 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2009 and 2010 real property taxes are collected in and intended to finance 2010 and 2011.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 and 2010 public utility property taxes which became a lien on December 31, 2008 and 2009, are levied after October 1, 2009 and 2010, and are collected in 2010 and 2011 with real property taxes.

The full tax rate for all Township operations for the years ended December 31, 2009 and 2010 were \$5.20 per \$1,000 of assessed value. The assessed values of real property, public utility property and tangible personal property upon which 2009 and 2010 property tax receipts were based are as follows:

	2010	2009
Real Property		
Residential/Agriculture	\$ 125,538,720	\$ 124,993,890
Other Real	3,878,650	3,761,067
Tangible Personal Property	8,984,080	8,483,660
Public Utility	418,911	628,367
Total Assessed Value	\$ 138,820,361	\$ 137,866,984

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2010 and 2009, the Township contracted with Westfield Companies for various types of insurance coverage as follows:

Type of Coverage	Amount of Coverage
General Liability	\$3,000,000
Vehicle	\$1,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Note 7 – Defined Benefit Pension Plan

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

A. Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2010 and 2009, members in local classifications contributed 10 percent of covered payroll.

The Township's contribution rate for 2010 and 2009 was 14 percent. For 2010 and 2009, a portion of the County's contribution of covered payroll was allocated to fund the post-employment healthcare plan. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. From January 1 through March 31, 2009, this allocation was 7.0 percent, and from April 1 through December 31, 2009, the allocation was 5.5%. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$38,942, \$38,158, and \$44,223 respectively. The full amount has been contributed for 2010, 2009 and 2008.

B. Ohio Police and Fire Pension Fund

Plan Description - The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Chippewa Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 7 – Defined Benefit Pension Plan (continued)

B. Ohio Police and Fire Pension Fund

Funding Policy – For the years ended December 31, 2010 and 2009, plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are established by State statute. For 2010 and 2009, a portion of the Township's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Township's contributions to OP&F for firefighters were \$14,791 for the year ended December 31, 2010, \$14,647 for the year ended December 31, 2009 and \$14,528 for the year ended December 31, 2008. The full amount has been contributed for 2010, 2009 and 2008.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010 and 2009, local government employers contributed 14 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5.5 percent of covered payroll from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7.0 percent of covered payroll from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2010, 2009, and 2008 were \$14,159, \$16,097, and \$22,111 respectively; 100 percent has been contributed for 2010, 2009 and 2008.

Chippewa Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 8 - Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority of the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5146.

Funding Policy – The Ohio Revised Code provides for the contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24 percent of covered payroll for fire employees. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 11 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the Section 115 trust and 401 (h) account as the employer contribution for retiree healthcare benefits. For the years ended December 31, 2010 and 2009, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 115 and 401 (h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Chippewa Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 8 - Postemployment Benefits (continued)

B. Ohio Police and Fire Pension Fund (continued)

The Township's contributions to OP&F which were allocated to fund postemployment healthcare benefits for firefighters were \$1,169 for the year ended December 31, 2010, \$1,157 for the year ended December 31, 2009 and \$1,148 for the year ended December 31, 2008. The full amount has been contributed for 2010, 2009, and 2008.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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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

Chippewa Township
Wayne County
14228 Galehouse Road
Doylestown, Ohio 44230

To the Board of Trustees:

We have audited the financial statements of Chippewa Township, Wayne County, Ohio, (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated September 26, 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 opinions 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.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal controls over financial reporting. We considered Finding 2010-002 to be a significant deficiency.

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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.

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 26, 2011.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and 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

September 26, 2011

CHIPPEWA TOWNSHIP
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-001

Noncompliance Citation

Ohio Revised Code Section 505.603 states in addition to or in lieu of providing benefits to township officers and employees under section 505.60, 505.601, or 505.602 of the Revised Code, a board of township trustees may offer benefits to officers and employees through a cafeteria plan that meets the requirements of section 125 of the "Internal Revenue Code." To offer benefits through a cafeteria plan, the township must adopt a policy authorizing an officer or employee to receive a cash payment in lieu of a benefit otherwise offered to township officers or employee. This cash payment may not exceed twenty-five per cent of the cost of premiums or payments that otherwise would be paid by the board for benefits for the officer or employee.

Ohio Revised Code Section 505.603 further requires that no cash payment in lieu of a benefit be made unless the officer or employee provides a signed statement with the following information:

- an affirmation the individual is covered under another plan for that type of coverage
- the name of the employer (if any) that sponsors the coverage
- the name of the carrier providing the coverage
- the policy or plan number for the coverage

Although the Township's four participating elected officials provided documentation they have outside health insurance through another employer or spouse's employer, they have not provided a signed statement containing the aforementioned information. In addition, there is no documentation the plan was approved by the Internal Revenue Service as meeting the requirements of section 125 of the Internal Revenue Code.

Also, three officials are being paid in excess of their actual expenditures for medical insurance. This excess amount should be reflected as a taxable fringe benefit on the official's Form W-2 but is not being reported.

A key control in providing a cafeteria plan is to ensure all legal requirements are followed for providing the plan. To improve controls over operating the cafeteria plan, the Township should consult with the Internal Revenue Service for approval of the plan and procedures for reporting any amounts as a taxable fringe benefit.

This matter will be referred to the Internal Revenue Service for whatever action deemed necessary.

Official's Response: As of calendar year 2011, none of the elected officials or employees of Chippewa Township are on a cafeteria plan. If they are getting health insurance at all, they are on the Township health insurance plan. We have constructed a form so that, if in the future, a cafeteria plan is used, all of the required information will be disclosed. If in the future a cafeteria plan is to be used, the Township has agreed to research the statute again to make sure it meets all the requirements of then-current Ohio law. At each organizational meeting of the Board of Trustees, they will review the documents to be sure that all the information has been provided.

FINDING NUMBER 2010-002

Significant Deficiency

Proper Classification of Receipts

Testing of receipts revealed that 29 transactions were not properly classified by the Township Fiscal Officer and required reclassification. Items requiring reclassification included tax, intergovernmental, and miscellaneous receipts. The required reclassifications ranged from \$3,640 to \$109,865 in 2010 and \$18,826 to \$108,887 in 2009, and have been posted to the financial statements.

The Township Fiscal Officer should review the account code classifications in the UAN system and the "Ohio Township Handbook" chart of accounts and post receipts to the proper line item account codes and fund. This will help ensure receipts are properly reflected in the financial statements. In addition, fairly presented financial statements provide the Township Trustees with the ability to analyze information in a consistent manner which aids in making informed financial decisions regarding Township operations.

Official's Response: The Fiscal Officer will review the account code classifications in the UAN system and in the Ohio Township Handbook Chart of Accounts. To clarify, all amounts were shown in the Township's accounting documents, but were sometimes misnamed or misclassified. For example, some funds were classified as taxes instead of intergovernmental transfers of funds. The Fiscal Officer will also contact the Auditor's Office in the future if a question arises as to the proper classification of particular funds.

CHIPPEWA TOWNSHIP
WAYNE 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	Ohio Rev. Code Section 505.603	No	Not Corrected. See Finding Number 2010-001.
2008-002	Proper Classification of Receipts	No	Not Corrected. See Finding Number 2010-002.

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Dave Yost • Auditor of State

CHIPPEWA TOWNSHIP

WAYNE 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
OCTOBER 25, 2011**