



Dave Yost • Auditor of State

CHESHIRE TOWNSHIP
GALLIA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Cheshire Township
Gallia County
2221 Jessie Creek Road
Bidwell, Ohio 45614

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Cheshire Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Cheshire Township, Gallia County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 25, 2015

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$86,846	\$118,542	\$205,388
Licenses, Permits and Fees	2,332	0	2,332
Intergovernmental	31,635	115,815	147,450
Earnings on Investments	391	206	597
Miscellaneous	19,787	0	19,787
<i>Total Cash Receipts</i>	<u>140,991</u>	<u>234,563</u>	<u>375,554</u>
Cash Disbursements			
Current:			
General Government	82,783	0	82,783
Public Safety	10,500	0	10,500
Public Works	0	244,003	244,003
<i>Total Cash Disbursements</i>	<u>93,283</u>	<u>244,003</u>	<u>337,286</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>47,708</u>	<u>(9,440)</u>	<u>38,268</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources	0	3,891	3,891
Other Financing Uses	(167)	0	(167)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(167)</u>	<u>3,891</u>	<u>3,724</u>
<i>Net Change in Fund Cash Balances</i>	47,541	(5,549)	41,992
<i>Fund Cash Balances, January 1</i>	<u>75,870</u>	<u>347,541</u>	<u>423,411</u>
Fund Cash Balances, December 31			
Restricted	0	187,795	187,795
Committed	0	154,197	154,197
Unassigned (Deficit)	123,411	0	123,411
<i>Fund Cash Balances, December 31</i>	<u><u>\$123,411</u></u>	<u><u>\$341,992</u></u>	<u><u>\$465,403</u></u>

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

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$86,790	\$97,797	\$184,587
Intergovernmental	41,381	115,241	156,622
Earnings on Investments	840	320	1,160
<i>Total Cash Receipts</i>	129,011	213,358	342,369
Cash Disbursements			
Current:			
General Government	89,916	10	89,926
Public Safety	15,784	0	15,784
Public Works	0	226,357	226,357
<i>Total Cash Disbursements</i>	105,700	226,367	332,067
<i>Excess of Receipts Over (Under) Disbursements</i>	23,311	(13,009)	10,302
Other Financing Receipts (Disbursements)			
Other Financing Sources	511	0	511
Other Financing Uses	(3,891)	0	(3,891)
<i>Total Other Financing Receipts (Disbursements)</i>	(3,380)	0	(3,380)
<i>Net Change in Fund Cash Balances</i>	19,931	(13,009)	6,922
<i>Fund Cash Balances, January 1 (As Restated)</i>	55,939	360,550	416,489
Fund Cash Balances, December 31			
Restricted	0	161,904	161,904
Assigned	0	185,637	185,637
Unassigned (Deficit)	75,870	0	75,870
<i>Fund Cash Balances, December 31</i>	\$75,870	\$347,541	\$423,411

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

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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, Ohio (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 to provide fire services.

The Township participates in Ohio Township Association Risk Management Authority (OTARMA), 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 permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Deposits and Investments

All cash assets of the Township are maintained in an interest bearing checking account. The Township had no investments.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(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.

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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into three classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

2. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

3. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. 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:

	2014	2013	
Demand deposits	\$465,403	\$423,411	

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$129,304	\$140,991	\$11,687
Special Revenue	230,098	238,454	8,356
Total	\$359,402	\$379,445	\$20,043

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$123,960	\$93,450	\$30,510
Special Revenue	302,523	244,003	58,520
Total	\$426,483	\$337,453	\$89,030

Fund Type	Receipts	Receipts	Variance
General	\$124,990	\$129,522	\$4,532
Special Revenue	233,238	213,358	(19,880)
Total	\$358,228	\$342,880	(\$15,348)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$163,000	\$109,591	\$53,409
Special Revenue	490,336	226,367	263,969
Total	\$653,336	\$335,958	\$317,378

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.

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 Fiscal Officer, Trustees, and employee 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 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$34,954	\$35,970
Liabilities	286	263
Net Position	\$26,467	\$27,057

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Risk Management (Continued)

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA
2014
\$3,365

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. Restatement of Prior Year Balances

The Township has a restatement for Beginning Fund Balances as follows:

	General Fund	Special Revenue	Total
Reported Fund Balance at December 31, 2012	\$46,655	\$357,052	\$403,707
Prior year errors	9,284	3,498	12,782
Restated Fund Balance at January 1, 2013	\$55,939	\$360,550	\$416,489



Dave Yost • Auditor of State

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

Cheshire Township
Gallia County
2221 Jessie Creek Road
Bidwell, Ohio 45614

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Cheshire Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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 2014-001 described in the accompanying Schedule of Findings to be a material weakness.

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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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Entity's Response to Findings

The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 25, 2015

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees 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, the financial statements had the following errors that required audit adjustment or reclassification:

For the year ended December 31, 2014:

- The Township incorrectly posted \$6,406 of General Fund expenditures to the health line item rather than general government line item.
- The Township incorrectly posted \$18,686 of road paving expenditures in Road & Bridge Fund public works rather than public safety.
- The Township incorrectly posted \$19,787 of General Fund receipts in the other financing sources line item rather than miscellaneous.
- The Township incorrectly posted General Fund fire contract expenditures of \$10,500 as public works expenditures in the Road & Bridge Fund rather than General Fund public safety expenditures.
- The Township incorrectly posted a \$10,757 utility reimbursement as taxes rather than intergovernmental receipts in the General Fund.
- The Township incorrectly posted \$10,757 of a utility reimbursement receipt as intergovernmental receipts in Road & Bridge rather than the General Fund.
- The Township incorrectly posted a \$26,883 utility reimbursement receipt in the Road & Bridge Fund as taxes rather than intergovernmental receipts.
- The Township incorrectly posted \$13,902 expenditures of the Road & Bridge Fund as general government rather than public works.
- The Township incorrectly posted \$21,868 expenditures of the Gasoline Tax Fund as general government rather than public works.
- A \$75 Gasoline Tax Fund check and a \$167 General Fund check were incorrectly identified as clearing the bank rather than voided.
- \$12,533 of income tax remittances were not posted as general government expenditures of the General Fund.
- The Township incorrectly reported \$154,197 of the Road & Bridge Fund ending balance as restricted rather than committed.

For the year ended December 31, 2013:

- The Township General Fund beginning balance was decreased \$2,000 to agree to the prior audit report ending balance.
- The Township incorrectly posted a \$21,514 utility reimbursement receipt in the General Fund to the line item taxes rather than intergovernmental receipts.

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-001 (Continued)

Material Weakness (Continued)

- The Township incorrectly posted \$12,077 of estate taxes in General Fund line item taxes rather than intergovernmental receipts.
- The Township incorrectly posted \$10,500 of fire contract expenditures in Road & Bridge Fund rather than public safety expenditures of the General Fund.
- The Township incorrectly posted \$4,950 of General Fund expenditures to the health line item rather than general government expenditures line item.
- The Township incorrectly posted a \$26,884 utility reimbursement receipt in Road & Bridge Fund as taxes rather than intergovernmental receipts.
- The Township incorrectly posted \$20,000 of real estate taxes in the Road & Bridge Fund as intergovernmental revenue rather than taxes.
- The Township incorrectly reported \$185,637 of the Road & Bridge Fund ending balance as restricted rather than committed.

In addition to the above items, the Township was unreconciled at December 31, 2013 resulting in the following adjustments:

- The beginning balance in the General Fund was increased by \$9,285 and the Gasoline Tax Fund beginning fund was increased by \$1,853 due to the Township reporting checks written in prior years as cleared that had not cleared the bank.
- The beginning balance in the Gasoline Tax Fund increased by \$1,196 and the MVL Fund increased by \$448 for checks voided in 2014 but written prior to 2013. Also, the Road and Bridge Fund public works decreased by \$376 for checks voided in 2014 but written during 2013.
- An intergovernmental receipt of \$4,641 was not posted to the Gasoline Tax Fund.
- Gasoline Tax Fund public works expenditures were decreased by \$2,641 and General Fund general government expenditures decreased by \$3,363 for checks incorrectly reported as clearing the bank that have not cleared the bank and should have been voided.
- General government expenditures in the General Fund decreased by \$7,504 and health expenditures in the General Fund decreased by \$50 for checks posted for more than the amount cleared by the bank.
- Public works expenditures in the Gasoline Tax Fund increased \$511 for a check not posted.

The Fiscal Officer should 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. The Board of Trustees should adopt policies and procedures including a final review of the financial statements and notes by the Fiscal Officer and Board of Trustees.

Officials' Response: I was appointed Fiscal Officer on December 23, 2013 due to the resignation of the previous Fiscal Officer. Due to many errors and lack of work by the previous Fiscal Officer, I had to correct many errors and complete work left by the previous Fiscal Officer, all while trying to learn the UAN system. I feel that I had to grasp the teaching at an accelerated speed due to time limits of year end and or beginning of year deadlines. I regret that I have made mistakes in entering information in the correct accounts. I will make note of the Audit Findings and in the future will try to input all information according to the Auditor of State recommendations.

**CHESHIRE TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Rev. Code § 505.601 for Finding for Recovery against Virginia Letson, Fiscal Officer	Yes	
2012-002	Ohio Rev. Code § 5705.36(A)(4) for appropriations exceeding actual resources	Yes	
2012-003	Ohio Admin. Code § 117-2-01(D)(3) and (5) for other adjusting factors during reconciliations	Yes	
2012-004	Ohio Rev. Code § 5705.39 for appropriations exceeding estimated resources	Yes	
2012-005	Internal Revenue Code (IRC) Chapter 26 §§ 3401, 3402, 3403, 3404, 3405, and 3102(a) for failure to remit income taxes and Medicare	Yes	
2012-006	Ohio Rev. Code § 5705.41(D)(1) for not properly encumbering	No	Partially Corrected. This item is included in the Management Letter.
2012-007	Material Weakness for misposting of revenues and expenditures	No	Not Corrected. This finding is repeated as Finding Number 2014-001 in the accompanying Schedule of Findings.
2012-008	Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations	Yes	

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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
OCTOBER 8, 2015**