

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY
Regular Audit
December 31, 2006 and 2005**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

Board of Trustees
Shalersville Township
9692 Infirmary Rd.
Mantua, OH 44255

We have reviewed the *Independent Accountants' Report* of Shalersville Township, Portage County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2005 to December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Shalersville Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 11, 2008

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**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

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Perry & Associates
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INDEPENDENT ACCOUNTANTS' REPORT

November 26, 2008

Shalersville Township
Portage County
9602 Infirmary Road
Mantua, OH 44255

To the Board of Trustees:

We have audited the accompanying financial statements of **Shalersville Township, Portage County, Ohio**, (the Township) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present it's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006 and 2005 or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of Shalersville Township, Portage County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2008, 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.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." The signature is written in a cursive, flowing style.

Perry and Associates
Certified Public Accountants, A.C.

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent Fund</u>	
Cash Receipts:				
Local Taxes	\$ 121,580	\$ 151,521	\$ -	\$ 273,101
Intergovernmental	86,021	112,581	-	198,602
Special Assessments	-	1,383	-	1,383
Charges for Services	58,300	2,560	-	60,860
Licenses, Permits, and Fees	15,862	-	-	15,862
Earnings on Investments	35,260	3,667	93	39,020
Miscellaneous	69,994	963	-	70,957
Total Cash Receipts	<u>387,017</u>	<u>272,675</u>	<u>93</u>	<u>659,785</u>
Cash Disbursements:				
Current:				
General Government	237,312	217	-	237,529
Public Safety	-	203	-	203
Public Works	84,697	208,143	-	292,840
Health	13,410	-	-	13,410
Human Services	-	1,529	-	1,529
Conservation/Recreation	4,087	-	-	4,087
Supplies and Materials	-	-	29	29
Capital Outlay	21,151	3,843	-	24,994
Debt Service:				
Redemption of Principal	34,048	-	-	34,048
Interest and Fiscal Charges	8,362	-	-	8,362
Total Cash Disbursements	<u>403,067</u>	<u>213,935</u>	<u>29</u>	<u>617,031</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(16,050)</u>	<u>58,740</u>	<u>64</u>	<u>42,754</u>
Fund Cash Balances, January 1	<u>585,838</u>	<u>223,315</u>	<u>3,291</u>	<u>812,444</u>
Fund Cash Balances, December 31	<u>\$ 569,788</u>	<u>\$ 282,055</u>	<u>\$ 3,355</u>	<u>\$ 855,198</u>
Reserve for Encumbrances, December 31	<u>\$ -</u>	<u>\$ 8,714</u>	<u>\$ -</u>	<u>\$ 8,714</u>

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

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent Fund</u>	
Cash Receipts:				
Local Taxes	\$ 120,194	\$ 144,926	\$ -	\$ 265,120
Intergovernmental	75,194	94,171	-	169,365
Special Assessments	-	1,378	-	1,378
Charges for Services	57,935	1,475	-	59,410
Licenses, Permits, and Fees	13,887	-	-	13,887
Earnings on Investments	21,032	1,600	51	22,683
Miscellaneous	32,582	149	-	32,731
Total Cash Receipts	<u>320,824</u>	<u>243,699</u>	<u>51</u>	<u>564,574</u>
Cash Disbursements:				
Current:				
General Government	181,272	-	-	181,272
Public Works	1,541	226,359	-	227,900
Health	6,954	-	-	6,954
Human Services	-	1,314	-	1,314
Conservation/Recreation	2,598	-	-	2,598
Miscellaneous	-	-	30	30
Capital Outlay	19,778	1,909	-	21,687
Debt Service:				
Redemption of Principal	31,185	-	-	31,185
Interest and Fiscal Charges	11,225	-	-	11,225
Total Cash Disbursements	<u>254,553</u>	<u>229,582</u>	<u>30</u>	<u>484,165</u>
Total Cash Receipts Over/(Under) Disbursements	<u>66,271</u>	<u>14,117</u>	<u>21</u>	<u>80,409</u>
Fund Cash Balances, January 1	<u>519,567</u>	<u>209,198</u>	<u>3,270</u>	<u>732,035</u>
Fund Cash Balances, December 31	<u>\$ 585,838</u>	<u>\$ 223,315</u>	<u>\$ 3,291</u>	<u>\$ 812,444</u>

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

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Shalersville Township, Portage County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees and publicly elected Clerk. The Township provides road and bridge maintenance (public works) and cemetery maintenance (health). The Township contracts with Mantua-Shalersville to provide fire protection and ambulance service.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. 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 prescribed or permitted by the Auditor of State.

C. Cash

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Township Clerk invests all available funds of the Township in an interest-bearing checking account and certificates of deposit. Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

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

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

3. Permanent Funds (Nonexpendable Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Village had the following significant permanent fund:

Cemetery Endowment Fund – This fund was created to invest principal and create interest revenue for cemetery maintenance.

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, and object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

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

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2006</u>	<u>2005</u>
Demand Deposits	\$812,132	\$769,378
Certificates of Deposit	43,066	43,066
Total	<u>\$855,198</u>	<u>\$812,444</u>

Deposits and Certificates of Deposit are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2006 and 2005 follows:

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 320,800	\$ 387,017	\$ 66,217
Special Revenue	240,800	272,675	31,875
Permanent Fund	50	93	43
Total	\$ 561,650	\$ 659,785	\$ 98,135

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 656,145	\$ 403,067	\$ 253,078
Special Revenue	338,325	222,649	115,676
Permanent Fund	75	29	46
Total	\$ 994,545	\$ 625,745	\$ 368,800

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 324,051	\$ 320,824	\$ (3,227)
Special Revenue	240,910	243,699	2,789
Permanent Fund	85	51	(34)
Total	\$ 565,046	\$ 564,574	\$ (472)

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 629,367	\$ 254,553	\$ 374,814
Special Revenue	310,325	229,582	80,743
Permanent Fund	75	30	45
Total	\$ 939,767	\$ 484,165	\$ 455,602

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

4. DEBT

Debt outstanding at December 31, 2006 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$ 184,767	4.49%

General Obligation Notes – On August 6, 2004, the Township issued building acquisition notes that have been financed through Chase Leasing to purchase the Shalersville Elementary School Building. Those notes are paid off with annual payments every August and will be completely paid off in 2011.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Note
2007	\$ 42,410
2008	42,410
2009	42,410
2010	42,410
2011	42,410
Total	\$ 212,050

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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

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

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, members of PERS contributed 9.0% and 8.5%, respectively, of their gross salaries. The Township contributed an amount equal to 13.70% of participants' gross salaries in 2006 and 13.55% in 2005. The Township has paid all contributions required through December 31, 2006.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability,
- Vehicles, and
- Errors and omissions.

Perry & Associates
Certified Public Accountants, A.C.

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

November 26, 2008

Shalersville Township
Portage County
9602 Infirmary Road
Mantua, OH 44255

To the Board of Trustees:

We have audited the financial statements of **Shalersville Township, Portage County, Ohio**, (the Township) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated November 26, 2008, 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 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 expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control Over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted one internal control matter that we reported to the Township's management in a separate letter dated November 26, 2008.

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

We also noted one noncompliance matter that we reported to the Township's management in a separate letter dated November 26, 2008.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

FINDING NUMBER 2006-001

Significant Deficiency

Posting Estimated Revenues and Appropriations

The Township did not have a control procedure in place to ensure that appropriations and estimated receipts, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Township Trustees to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate.

We recommend the Township Clerk implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2006-002

Significant Deficiency

Bank Reconciliations and Monthly Financial Reports

The Clerk/Treasurer performs a reconciliation of the ledger balances and the bank balances monthly. However, the Clerk/Treasurer does not present the reconciliation or any financial information to Council for review other than warrants to be approved and signed. This may lead to errors or irregularities going undetected or not being detected in a timely manner.

The monthly reconciliation along with a recap of the complete monthly financial activity should be presented to Council and approved by Council at the regular monthly Council meeting. In addition, budget versus actual information should also be presented and approved at regular monthly Council meetings. This will help Council effectively monitor the Village's financial position and will aid in the timely detection of errors or irregularities.

Management's Response – We did not receive a response from officials to this finding.

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

FINDING NUMBER 2006-003

Significant Deficiency

Posting Receipts and Expenditures

During 2006 and 2005, several receipts and expenditures were not posted into accurate revenue or expenditures classifications based on the source of the receipt or expenditure. Examples of mispostings are as follows: debt principal and interest expenditures were posted as capital outlay and utility bills were posted as contracted services and operating materials and supplies.

These mispostings resulted in several audit reclassifications.

We recommend the Clerk refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2006-004

Significant Deficiency

Present Bequest Funds as Non-Expendable Trust Funds

The Township has two bequest funds, the Nelson bequest and the Halstead bequest. These are Non-Expendable Trusts in that only the interest earnings are allowed to be spent.

The Township has recorded these in the past as both Expendable and Non-Expendable Trusts, and during the audit period they classified them partially as Agency Funds. We recommend that they be correctly classified and maintained as Permanent Funds, as required by AOS bulletin 2005-005. The financial statements for the two year audit period ending December 31, 2006 present both bequest funds as Permanent Funds.

Management's Response – We did not receive a response from officials to this finding.



Mary Taylor, CPA
Auditor of State

SHALERSVILLE TOWNSHIP

PORTAGE 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
DECEMBER 24, 2008**