



**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Shalersville Township
Portage County
9692 Infirmary Road
Mantua, Ohio 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, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Township's management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 1, 2001

**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, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$ 89,037	\$ 110,895		\$ 199,932
Intergovernmental	251,307	68,799	\$ 57,794	377,900
Special Assessments		2,017		2,017
Licenses, Permits, and Fees	11,537			11,537
Earnings on Investments	26,856	2,996		29,852
Other Revenue	30,470	10,670		41,140
	<u>409,207</u>	<u>195,377</u>	<u>57,794</u>	<u>662,378</u>
Cash Disbursements:				
Current:				
General Government	127,823			127,823
Public Works	65,164	189,839		255,003
Health	8,839	160		8,999
Conservation - Recreation	9,070			9,070
Miscellaneous		45		45
Capital Outlay	6,581	127	57,794	64,502
	<u>217,477</u>	<u>190,171</u>	<u>57,794</u>	<u>465,442</u>
Total Receipts Over/(Under) Disbursements	<u>191,730</u>	<u>5,206</u>		<u>196,936</u>
Other Financing Receipts/(Disbursements):				
Contingencies	<u>(957)</u>			<u>(957)</u>
Total Other Financing Receipts/(Disbursements)	<u>(957)</u>			<u>(957)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	190,773	5,206		195,979
Fund Cash Balances, January 1	<u>357,295</u>	<u>141,964</u>		<u>499,259</u>
Fund Cash Balances, December 31	<u>\$ 548,068</u>	<u>\$ 147,170</u>		<u>\$ 695,238</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
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

Operating Cash Receipts:	
Interest	\$ 119
Operating Cash Disbursements:	
Health	11
Supplies and Materials	<u>41</u>
Total Operating Cash Disbursements	<u>52</u>
Operating Income	67
Fund Cash Balance, January 1	<u>2,840</u>
Fund Cash Balance, December 31	<u><u>\$ 2,907</u></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, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$ 93,685	\$ 116,895		\$ 210,580
Intergovernmental	88,288	63,908	\$ 63,596	215,792
Special Assessments		7,628		7,628
Licenses, Permits, and Fees	14,926			14,926
Earnings on Investments	7,033	905		7,938
Other Revenue	28,075	290		28,365
	<u>232,007</u>	<u>189,626</u>	<u>63,596</u>	<u>485,229</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	135,036	200		135,236
Public Works	71,448	174,783		246,231
Health	11,437	161		11,598
Conservation - Recreation	9,311			9,311
Capital Outlay	31,825	173	63,596	95,594
	<u>259,057</u>	<u>175,317</u>	<u>63,596</u>	<u>497,970</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	(27,050)	14,309		(12,741)
Fund Cash Balances, January 1 (Restated - Note 3)	384,345	127,655		512,000
Fund Cash Balances, December 31	<u><u>\$ 357,295</u></u>	<u><u>\$ 141,964</u></u>		<u><u>\$ 499,259</u></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
NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

Operating Cash Receipts:	
Interest	\$ 100
Operating Cash Disbursements:	
Health	15
Supplies and Materials	<u>15</u>
Total Operating Cash Disbursements	<u>30</u>
Operating Income	70
Fund Cash Balance, January 1	<u>2,770</u>
Fund Cash Balance, December 31	<u><u>\$ 2,840</u></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, 2000 AND 1999**

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. The Township provides general governmental services, including road and bridge maintenance, and cemetery maintenance. The Township contracts with the Mantua-Shalersville Fire District to provide fire and ambulance services.

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 and Investments

The Township's only investments were in certificates of deposit. Certificates of deposit are valued at cost. 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.

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

2. Special Revenue Funds

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

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township has one capital project fund, the Issue II Fund. This fund accounts for the activity resulting from the grant received from the State of Ohio to repair roads.

4. Fiduciary Funds (Non-Expendable Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements that stipulate that only earnings, and not principal, may be spent for perpetual care of the cemetery. The Township has two bequest funds in which earnings may be spent for cemetery related expenditures.

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

2. Estimated Resources

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

3. Encumbrances

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

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

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.

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 651,060	\$ 460,046
Certificates of deposit	<u>47,085</u>	<u>42,053</u>
Total deposits	<u>\$ 698,145</u>	<u>\$ 502,099</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township.

Investments: The financial institution maintains records identifying the Township as owner of these securities. Investments in certificates of deposits evidenced by securities that exist in physical and book-entry form.

3. RESTATEMENT OF PRIOR YEAR'S FUND BALANCE

An adjustment resulted in the restatement of the beginning of the year fund balance in the general fund. A warrant issued by the Township in 1998 (the prior audit period) was subsequently voided in 1999. The check amount was added back to the beginning balance. The table below presents the adjustment and the resulting effect on the fund balance.

	<u>General Fund</u>
Fund Balance as of January 1, 1999	\$ 384,237
Add: FY1998 warrant voided in FY1999	<u>108</u>
Restated Amounts December 31, 1998	<u>\$ 384,345</u>

4. BUDGETARY ACTIVITY

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

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

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

4. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$240,933	\$409,207	\$168,274
Special Revenue	190,240	195,377	5,137
Capital Projects	57,794	57,794	0
Fiduciary	101	119	18
Total	<u>\$489,068</u>	<u>\$662,497</u>	<u>\$173,429</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$470,404	\$218,434	\$251,970
Special Revenue	263,250	190,171	73,079
Capital Projects	57,794	57,794	0
Fiduciary	70	52	18
Total	<u>\$791,518</u>	<u>\$466,451</u>	<u>\$325,067</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$319,119	\$232,007	(\$87,112)
Special Revenue	183,010	189,626	6,616
Capital Projects	130,952	63,596	(67,356)
Fiduciary	146	100	(46)
Total	<u>\$633,227</u>	<u>\$485,329</u>	<u>(\$147,898)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$558,130	\$259,057	\$299,073
Special Revenue	266,000	175,317	90,683
Capital Projects	130,952	63,596	67,356
Fiduciary	75	30	45
Total	<u>\$955,157</u>	<u>\$498,000</u>	<u>\$457,157</u>

**SHALERSVILLE TOWNSHIP
PORTAGE COUNTY**

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

5. PROPERTY TAX

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

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

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries during 1999 and 10.84% during 2000. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

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

Shalersville Township
Portage County
9692 Infirmary Road
Mantua, Ohio 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, 2000 and 1999, and have issued our report thereon dated June 1, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 1, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 1, 2001.

Shalersville Township
Portage County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

June 1, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
JULY 5, 2001**