



**CENTER TOWNSHIP
MONROE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CENTER TOWNSHIP
MONROE COUNTY**

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STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Center Township
Monroe County
459 Moose Ridge Road
Woodsfield, Ohio 43793

To the Board of Trustees:

We have audited the accompanying financial statements of Center Township, Monroe 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 April 20, 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 management and the Board of Trustees, 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

April 20, 2001

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**CENTER TOWNSHIP
MONROE 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>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$12,402	\$81,780	\$0	\$0	\$94,182
Intergovernmental	29,280	66,838	16,578	37,792	150,488
Interest	897	893			1,790
Other Revenue	55	6,235			6,290
Total Cash Receipts	<u>42,634</u>	<u>155,746</u>	<u>16,578</u>	<u>37,792</u>	<u>252,750</u>
Cash Disbursements:					
Current:					
General Government	23,603				23,603
Public Safety		69,356			69,356
Public Works		91,798			91,798
Debt Service:					
Redemption of Principal		1,000	12,444		13,444
Interest and Fiscal Charges			3,149		3,149
Capital Outlay	13,338			38,284	51,622
Total Cash Disbursements	<u>36,941</u>	<u>162,154</u>	<u>15,593</u>	<u>38,284</u>	<u>252,972</u>
Total Receipts Over/(Under) Disbursements	5,693	(6,408)	985	(492)	(222)
Fund Cash Balances, January 1	4,161	15,618	228	492	20,499
Fund Cash Balances, December 31	<u>\$9,854</u>	<u>\$9,210</u>	<u>\$1,213</u>	<u>\$0</u>	<u>\$20,277</u>

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

**CENTER TOWNSHIP
MONROE 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>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$13,144	\$19,207	\$0	\$0	\$32,351
Intergovernmental	10,982	60,925	7,228		79,135
Interest	571	1,026			1,597
Other Revenue		6,785			6,785
Total Cash Receipts	<u>24,697</u>	<u>87,943</u>	<u>7,228</u>	<u>0</u>	<u>119,868</u>
Cash Disbursements:					
Current:					
General Government	21,639				21,639
Public Safety	1,550				1,550
Public Works		86,323			86,323
Health	2,363				2,363
Debt Service:					
Redemption of Principal			7,000		7,000
Capital Outlay		69,491		74,873	144,364
Total Cash Disbursements	<u>25,552</u>	<u>155,814</u>	<u>7,000</u>	<u>74,873</u>	<u>263,239</u>
Total Receipts Over/(Under) Disbursements	(855)	(67,871)	228	(74,873)	(143,371)
Other Financing Receipts					
Proceeds of Notes		67,500			67,500
Total Other Financing Receipts		67,500			67,500
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(855)	(371)	228	(74,873)	(75,871)
Fund Cash Balances, January 1	5,016	15,989	0	75,365	96,370
Fund Cash Balances, December 31	<u>\$4,161</u>	<u>\$15,618</u>	<u>\$228</u>	<u>\$492</u>	<u>\$20,499</u>

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

**CENTER TOWNSHIP
MONROE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Center Township, Monroe 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 fire protection. The Township contracts with the Village of Woodsfield to provide fire 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. 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.

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:

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.

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for constructing, maintaining, and repairing Township roads.

Fire District Fund - This fund receives property tax money for fire protection services.

**CENTER TOWNSHIP
MONROE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Note Retirement Fund - This fund receives gasoline tax money to pay principal and interest on the outstanding note debt.

4. 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 had the following significant Capital Projects Fund:

Federal Emergency Management Agency (FEMA) Fund- This fund receives grant money from FEMA to provide flood relief to the Township.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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. The Township did not encumber all commitments required by Ohio law.

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

E. 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.

**CENTER TOWNSHIP
MONROE COUNTY**

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

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$20,277	\$20,499

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,530	\$42,634	(\$896)
Special Revenue	185,321	155,746	(29,575)
Debt Service	16,000	16,578	578
Capital Projects	—	37,792	37,792
Total	\$244,851	\$252,750	\$7,899

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$33,220	\$36,941	(\$3,721)
Special Revenue	95,992	162,154	(66,162)
Debt Service	16,228	15,593	635
Capital Projects	492	38,284	(37,792)
Total	\$145,932	\$252,972	(\$107,040)

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$20,548	\$24,697	\$4,149
Special Revenue	87,020	155,443	68,423
Debt Service	7,000	7,228	228
Total	\$114,568	\$187,368	\$72,800

**CENTER TOWNSHIP
MONROE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$21,647	\$25,552	(\$3,905)
Special Revenue	106,010	155,814	(49,804)
Debt Service		7,000	(7,000)
Capital Projects	75,365	74,873	492
Total	\$203,022	\$263,239	(\$60,217)

In 2000 and 1999, the Township had expenditures that did not include prior certification of the availability of funds.

At December 31, 2000, the Township had expenditures which exceeded appropriations in the General, Gasoline Tax, Road and Bridge, Fire District, and FEMA Funds' and at December 31, 1999, in the General, Gasoline Tax, Road and Bridge and Note Retirement Funds'.

In 2000 and 1999, the Township had appropriations in excess of estimated resources in the Motor Vehicle License Tax Fund.

4. 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.

**CENTER TOWNSHIP
MONROE COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2000, was as follows:

	Principal	Interest Rate
General Obligation Note	\$47,055	5%
Total	\$47,055	

The general obligation note was issued to finance the purchase of a new grader to be used for Township road maintenance. The note is collateralized by the new grader and the Township's taxing authority.

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

Year ending December 31:	General Obligation Notes
2001	\$7,593
2002	15,593
2003	15,593
2004	15,062
Total	\$53,841

6. RETIREMENT SYSTEMS

The Township's employees, as well as the Trustees and Clerk, 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 through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicles
- Property

**CENTER TOWNSHIP
MONROE COUNTY**

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

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



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

Center Township
Monroe County
459 Moose Ridge Road
Woodsfield, Ohio 43793

To the Board of Trustees:

We have audited the accompanying financial statements of Center Township, Monroe County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 20, 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 three instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2000-41056-001, 2000-41056-002, and 2000-41056-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 20, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 April 20, 2001.

Center Township
Monroe 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 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

April 20, 2001

**CENTER TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-41056-001

Noncompliance Citation

***Ohio Rev. Code Section 5705.41(D)(1)** states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

1. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he/she is completing his/her certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
2. Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

In 1999, thirty percent, and in 2000 seventy percent of transactions tested did not include prior certification of the Clerk, nor was there evidence of a "Then and Now" certificate being used by the Clerk.

We recommend the Clerk certify the availability of funds prior to incurring cash expenditures.

FINDING NUMBER 2000-41056-002

Noncompliance Citation

***Ohio Rev. Code Section 5705.41(B)** requires no subdivision or taxing authority to expend money unless it has been properly appropriated.

The following funds' accounts had expenditures in excess of appropriations for the year ended December 31, 2000:

	<u>Excess</u>
<u>General Fund</u>	
Election Expenses	868
Machinery, Equipment and Furniture	12,460
<u>Gasoline Tax Fund</u>	
Salaries - All Other Township Staff	4,300

**CENTER TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

**FINDING NUMBER 2000-41056-002
(Continued)**

Ohio Rev. Code Section 5705.41(B) (Continued)

<u>Road and Bridge Fund</u>	
Salaries - All Other Township Staff	1,334
County Auditor's and County Treasurer's Fees	760
Operating Supplies	2,764
<u>Fire District Fund</u>	
Salaries - Trustees' Salaries	2,059
Salary - Clerk	1,632
County Auditor's and County Treasurer's Fees	2,466
Payment to Another Political Subdivision	63,200
<u>FEMA Project Fund</u>	
Operating Supplies	38,284

The following funds' accounts had expenditures in excess of appropriations for the year ended December 31, 1999:

	<u>Excess</u>
<u>General Fund</u>	
Auditing Services	150
County Auditor's and County Treasurer's Fees	1,989
Operating Supplies	3,500
Other	802
<u>Gasoline Tax Fund</u>	
Salaries - All Other Township Staff	3,829
Capital Outlay	60,425
<u>Road and Bridge Fund</u>	
Buildings	1,991
<u>Note Retirement Fund</u>	
Principal Payment - Notes	7,000

We recommend the Clerk deny payment requests exceeding appropriations. The Clerk may request the Board to approve increased expenditure levels by increasing appropriations and estimated resources, if necessary.

FINDING NUMBER 2000-41056-003

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states in part that the total appropriation from each fund should not exceed the total estimated revenue.

The Motor Vehicle License Tax Fund had appropriations in excess of estimated revenue in the amount of \$6,800 in 2000 and \$3,000 in 1999.

**CENTER TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

**FINDING NUMBER 2000-41056-003
(Continued)**

Ohio Rev. Code Section 5705.39 (Continued)

We recommend the Clerk amend the certificate of estimated resources or modify the total appropriations with the Board of Trustees and County Budget Commission whenever appropriations exceed estimated revenue.

*Noncompliance citation is the same as or similar to a citation presented in the prior report.



STATE OF OHIO
OFFICE OF THE AUDITOR

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CENTER TOWNSHIP

MONROE 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
MAY 24, 2001**