



**Auditor of State
Betty Montgomery**

**CENTER TOWNSHIP
MONROE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, 2002 and 2001. 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 *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.

For the years ended December 31, 2002 and 2001, the Township expended a total of \$5,851 from the Fire Levy Fund to pay a portion of trustee salaries. Ohio Rev. Code Section 505.24 requires trustee salaries to be paid from the General Fund or from other township funds as the board determines by resolution. No resolution was passed stating the Trustees were to be paid from the Fire Levy Fund, and, in addition, the Trustees did not perform any services that were supported by the Fire Levy Fund. Had this amount been properly expended from the General Fund, the effect would have been to increase the cash balance of the Special Revenue Fund Type by \$5,851 to \$110,961 and to decrease the cash balance of the General Fund by \$5,851 to a deficit of \$5,667 as of December 31, 2002.

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, except for the matter referred to above, the financial statements present fairly, in all material respects, the combined fund cash balances of Center Township, Monroe County, as of December 31, 2002 and 2001, 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 August 28, 2003, 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.

Center Township
Monroe County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of management, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 28, 2003

**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, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$14,158	\$129,210	\$	\$143,368
Intergovernmental	16,881	76,132	14,093	107,106
Earnings on Investments	162	190		352
Other Revenue	963	8,786	75	9,824
Total Cash Receipts	<u>32,164</u>	<u>214,318</u>	<u>14,168</u>	<u>260,650</u>
Cash Disbursements:				
Current:				
General Government	6,985			6,985
Public Safety	863	75,038		75,901
Public Works	37,431	121,304		158,735
Miscellaneous	101			101
Debt Service:				
Redemption of Principal	1,063	7,390	12,438	20,891
Interest and Fiscal Charges			1,702	1,702
Capital Outlay	2,450			2,450
Total Cash Disbursements	<u>48,893</u>	<u>203,732</u>	<u>14,140</u>	<u>266,765</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(16,729)</u>	<u>10,586</u>	<u>28</u>	<u>(6,115)</u>
Other Financing Receipts:				
Sale of Fixed Assets		12,030		12,030
Total Other Financing Receipts	<u>0</u>	<u>12,030</u>	<u>0</u>	<u>12,030</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>(16,729)</u>	<u>22,616</u>	<u>28</u>	<u>5,915</u>
Fund Cash Balances, January 1	<u>16,913</u>	<u>82,494</u>	<u>4</u>	<u>99,411</u>
Fund Cash Balances, December 31	<u>\$184</u>	<u>\$105,110</u>	<u>\$32</u>	<u>\$105,326</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, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$12,676	\$126,359	\$	\$139,035
Intergovernmental	52,302	76,639	12,463	141,404
Earnings on Investments	362	724		1,086
Other Revenue	3	6,691		6,694
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	65,343	210,413	12,463	288,219
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	12,757			12,757
Public Safety		6,108		6,108
Public Works	25,485	129,098		154,583
Health	4,552			4,552
Debt Service:				
Redemption of Principal			13,671	13,671
Interest and Fiscal Charges		1,922		1,922
Capital Outlay	15,490			15,490
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	58,284	137,128	13,671	209,083
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	7,059	73,285	(1,208)	79,136
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	9,854	9,209	1,212	20,275
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$16,913	\$82,494	\$4	\$99,411
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**CENTER TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

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 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:

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

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

Road Improvement Levy Fund – This fund receives property tax money for road improvements and dust control.

**CENTER TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting(Continued)

3. Debt Service Fund

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 outstanding note debt.

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 cancelled, and reappropriated in the subsequent year. The Township did not encumber commitments as required by Ohio law.

A summary of 2002 and 2001 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, 2002 AND 2001
(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:

	2002	2001
Demand deposits	\$105,326	\$99,411

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, 2002 and 2001, follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,786	\$32,164	(\$3,622)
Special Revenue	201,790	226,348	24,558
Debt Service	16,000	14,168	(1,832)
Total	\$253,576	\$272,680	\$19,104

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$52,520	\$48,893	\$3,627
Special Revenue	213,328	203,732	9,596
Debt Service	15,593	14,140	1,453
Total	\$281,441	\$266,765	\$14,676

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$61,934	\$65,343	\$3,409
Special Revenue	160,165	210,413	50,248
Debt Service	15,500	12,463	(3,037)
Total	\$237,599	\$288,219	\$50,620

**CENTER TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,779	\$58,284	\$13,495
Special Revenue	172,200	137,128	35,072
Debt Service	16,712	13,671	3,041
Total	\$260,691	\$209,083	\$51,608

Contrary to Ohio law, the Township had expenditures in excess of appropriations by \$47,980 in the Road Improvement Levy Fund and a cash deficit balance of \$1,182 in the Motor Vehicle License Tax Fund for the year ended December 31, 2001. Also contrary to Ohio law, the Township did not establish a special fund to account for the proceeds of a levy to be used for road improvements and dust control.

4. 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.

5. DEBT

Debt outstanding at December 31, 2002, was as follows:

	Principal	Interest Rate
General Obligation Note	\$13,110	5%

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

**CENTER TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. DEBT (Continued)

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

Year Ending December 31:	General Obligation Note
<u>2003</u>	<u>\$13,765</u>

6. RETIREMENT SYSTEM

The Township's elected officials and 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 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

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.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, 2002 and 2001, and have issued our report thereon dated August 28, 2003, wherein we noted that during 2002 and 2001 a portion of the Trustees' salaries were paid from the Fire Levy Fund that should have been paid from the General Fund. 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 *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 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings as items 2002-001 through 2002-006. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 28, 2003.

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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2002-007 through 2002-009.

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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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. We also 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 August 28, 2003.

This report is intended solely 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.



Betty Montgomery
Auditor of State

August 28, 2003

**CENTER TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2002-001

Finding for Adjustment

Ohio Rev. Code Section 505.24 states, in part, that the general rule as to the payment of a trustee's compensation is that it must be made from the township general fund or from township funds as the board determines by resolution. The resolution must allocate the same proportion as the trustees' services bear to the activities supported by such funds, as determined by the board.

A portion of the Trustees salaries in the amount of \$5,851 was paid from the Fire Levy Fund during 2002 and 2001. No resolution was passed stating the Trustees were to be paid from the Fire Levy Fund. In addition, the Trustees did not perform any services that were supported by the Fire Levy Fund.

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the General Fund and in favor of the Fire Levy Fund in the amount of \$5,851.

We recommend the Trustees pass an annual resolution which would allocate their salary to the funds based on the type of service they perform.

FINDING NUMBER 2002-002

Noncompliance Citation

Ohio Rev. Code Section 5705.10 requires all revenue derived from a specific source to be credited to a special fund for the purpose for which the monies were received and requires that money paid out of any fund shall be used only for the purposes for which such fund is established.

During 2002 and 2001, the Township posted various receipts and disbursements to improper funds. Receipts posted to improper funds and line items include real estate taxes, motor vehicle license tax, and homestead and rollback distributions. Reconstruction of the receipts ledger in these line items was necessary to determine the needed adjustments.

Various disbursements relating to expenditures that should have been paid from the Road Improvement Levy Fund were posted to the General Fund; therefore adjustments were needed to reflect these expenditures in the Road Improvement Levy Fund. The net amount of adjustments made is as follows:

FUND	AGAINST	IN FAVOR OF
General	\$2,672	
Motor Vehicle License Tax	3,583	
Gasoline Tax		\$1,569
Road and Bridge		88
Fire District	20	
Road Improvement Levy		4,618

The above adjustments, with which Township management agrees, have been posted to the Township's records and are reflected in the accompanying financial statements.

**CENTER TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

**FINDING NUMBER 2002-002
(Continued)**

Noncompliance Citation - Ohio Rev. Code Section 5705.10 (Continued)

Due to the above adjustments, as of December 31, 2001, the Motor Vehicle License Tax Fund had a negative cash fund balance of \$1,182. A negative cash fund balance indicates that money from one fund was used to cover the expenses of another fund.

We recommend the Clerk exercise care when posting receipts and expenditures to funds and consult the Township Manual for guidance in this area.

FINDING NUMBER 2002-003

Noncompliance Citation

Ohio Rev. Code Section 5705.10 requires that money paid out of any fund shall be used only for the purposes for which such fund is established.

A portion of the Clerk's salary for 2002 and 2001 in the amount of \$5,214 was paid out of the Fire District Fund. As the Clerk's duties are administrative in nature this would not be an allowable expenditure of the Fire District Fund; therefore \$5,214 will be adjusted to reflect this as an expenditure of the General Fund.

The above adjustment, with which Township management agrees, has been posted to the Township's records and is reflected in the accompanying financial statements.

FINDING NUMBER 2002-004

Noncompliance Citation

Ohio Rev. Code Section 5705.09 requires each subdivision to establish a special fund for each special levy.

A new levy was passed by the voters of the Township in November of 2002 for road improvements, including dust control; however, the Township did not establish the required fund to account for the proceeds of the levy. Instead, both revenue and expenditure transactions were accounted for in the General Fund. Failing to establish proper funds could result in restricted monies being used for illegal purposes and increases the likelihood that errors/irregularities could occur and remain undetected.

Adjustments, with which management agrees, have been posted to the Township's books to create a Road Improvement Levy Special Revenue Fund. This special revenue fund, and the related activity for the audit period, is reflected in the accompanying financial statements. The net amount of these adjustments is reflected in Finding 2002-001.

We recommend the Township establish all required funds and post money received only to funds consistent with the money's intended purpose. New funds established should be approved by the Board of Trustees by resolution and documented in the minutes.

**CENTER TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2002-005

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

In 2001, the Road Improvement Levy Fund, Public Works line item had expenditures which exceeded appropriations by \$47,980.

We recommend the Township review budgetary information on a regular basis to ensure disbursements have not exceeded appropriations at the legal level of control and seek amendments as needed from the Board of Trustees.

FINDING NUMBER 2002-006

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- a. 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.
- b. Amounts of less than \$1,000, (which was increased to \$3,000 on April 7, 2003) 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.

100 percent of expenditures tested for 2002 and 2001 were not certified by the Clerk prior to the obligation and there was no evidence of a "Then and Now" certificate being used by the Clerk in these instances.

We recommend the Clerk certify the availability of funds prior to the cash expenditure being made. Where prior certification is not practicable, we encourage the Clerk to properly utilize "Then and Now" certificates.

**CENTER TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2002-007

Reportable Conditions - Advances

During 2002, the Township made an advance of \$6,100 from the Gasoline Tax Fund to the General Fund. In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash for the same purpose for which the fund receiving the cash was established. As the Gasoline Tax Fund is a special revenue fund restricted to be used for certain road purposes, its money may not be used for the same purposes as the General Fund, which has no restrictions as to use. Additionally, advances must be approved by a formal resolution of the Board which must include a specific statement that the transaction is an advance of cash, and an indication of the money (fund) from which it is expected that repayment will be made. No such resolution was noted in the Township's minutes.

Since the advance had no formal resolution approving it, and since there is no statutory authority to make an advance from the Gasoline Tax Fund to the General Fund, an adjustment, with which management agrees, has been posted to the Township's books to negate the advance. This adjustment is reflected in the accompanying financial statements.

We recommend the Township follow the provisions of Auditor of State Bulletin 97-003 when making advances. Approval of advances by resolution should be documented in the minutes by Board of Trustees.

FINDING NUMBER 2002-008

Reportable Condition - Voucher Disbursements

During our review of the Township's disbursement system, we noted the following:

- 1.) The UAN accounting software is not used to process checks. Instead, checks are prepared manually and then posted in the computer system.
- 2.) Voucher packets were not always complete. We noted instances in which purchase orders, invoices, or system vouchers were not attached to the check copy.
- 3.) Expenditures were not always charged to appropriate funds or charged in a consistent manner.

These conditions did not allow for proper documentation of all disbursements. Condition #1, as noted above, specifically caused three instances in which the amounts of manually prepared checks were not properly entered into the UAN system, thereby causing adjusting factors on the Township's bank reconciliations of \$101. These conditions could also result in payments being made for goods not received, unauthorized payments being made, and errors or irregularities occurring and remaining undetected.

**CENTER TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

**FINDING NUMBER 2002-008
(Continued)**

Reportable Condition – Voucher Disbursements (Continued)

We recommend the following:

- 1.) The UAN system be used to process all transactions, including the printing of checks.
- 2.) No payments be approved without the presentation and review of a complete voucher packet.
- 3.) The Clerk review the Township handbook for guidance on the posting of expenditures to proper funds and line items.

FINDING NUMBER 2002-009

Reportable Condition - Payroll Disbursements

During our review of the Township's manual payroll system, we noted the payroll ledger did not contain check numbers for transactions listed. We also noted the totals per the manual ledger did not agree to the totals entered into the UAN system for salary line items. This difference was due to timing issues for payroll withholdings and remittances. We also noted that while leave taken by the full-time employee is documented on his timesheets, it is not tracked or recorded in the manual payroll ledger or the UAN system.

These conditions could result in officials/employees being compensated incorrectly, incorrect compensated leave being taken by the full-time employee, and late penalties, interest or fees being incurred by the Township.

We recommend the Township utilize the payroll function of the UAN system to process payroll transactions. In the event the Township chooses to continue to record payroll transactions manually, we recommend a complete payroll ledger be maintained and reconciled to amounts entered into the UAN system.

**CENTER TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-41056-001	Ohio Rev. Code Section 5705.41(D) – certification of availability of funds.	No	Repeated as Finding 2002-006.
2000-41056-002	Ohio Rev. Code Section 5705.41(B) – expenditures in excess of appropriations.	No	Repeated as Finding 2002-005.
2002-41056-003	Ohio Rev. Code Section 5705.39 – appropriations exceed estimated revenue.	No	Partially corrected; This matter is repeated as a management letter citation.



**Auditor of State
Betty Montgomery**

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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
NOVEMBER 6, 2003**