



**JIM PETRO**  
**AUDITOR OF STATE**

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STATE OF OHIO



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## REPORT OF INDEPENDENT ACCOUNTANTS

Center Township  
Mercer County  
6408 Hasis Road  
Celina, Ohio 45822

To the Board of Trustees:

We have audited the accompanying financial statements of Center Township, Mercer County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. 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 Center Township as of December 31, 1999 and December 31, 1998, 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 May 4, 2000 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.

This report is intended solely for the information and use of the audit committee, 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

May 4, 2000



**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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$22,648	\$11,568	\$34,216
Intergovernmental	57,024	65,698	122,722
Special Assessments		1,275	1,275
Licenses, Permits, and Fees	175	650	825
Earnings on Investments	1,196	753	1,949
Other Revenue	2,003		2,003
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	83,046	79,944	162,990
<b>Cash Disbursements:</b>			
Current:			
General Government	29,034		29,034
Public Safety	2,108	9,299	11,407
Public Works	9,046	94,234	103,280
Health	10,834	450	11,284
Conservation - Recreation	3,473		3,473
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	54,495	103,983	158,478
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	28,551	(24,039)	4,512
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	36,576	79,800	116,376
<b>Fund Cash Balances, December 31</b>	<hr/>	<hr/>	<hr/>
	<u>\$65,127</u>	<u>\$55,761</u>	<u>\$120,888</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$7,672	\$25,216		\$32,888
Intergovernmental	44,521	67,929	29,640	142,090
Special Assessments		1,296		1,296
Licenses, Permits, and Fees	205	675		880
Earnings on Investments	1,156	795		1,951
Other Revenue	4,483	0		4,483
<b>Total Cash Receipts</b>	<u>58,037</u>	<u>95,911</u>	<u>29,640</u>	<u>183,588</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	29,208			29,208
Public Safety	2,108	12,768		14,876
Public Works		64,589		64,589
Health	6,788	1,890		8,678
Conservation - Recreation	2,451			2,451
Capital Outlay			29,640	29,640
<b>Total Cash Disbursements</b>	<u>40,555</u>	<u>79,247</u>	<u>29,640</u>	<u>149,442</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>17,482</u>	<u>16,664</u>	<u>0</u>	<u>34,146</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		11,952		11,952
Transfers-Out	(11,952)			(11,952)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(11,952)</u>	<u>11,952</u>	<u>0</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>5,530</u>	<u>28,616</u>	<u>0</u>	<u>34,146</u>
<b>Fund Cash Balances, January 1</b>	<u>31,046</u>	<u>51,184</u>	<u>0</u>	<u>82,230</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$36,576</u></u>	<u><u>\$79,800</u></u>	<u><u>\$0</u></u>	<u><u>\$116,376</u></u>

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



**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Center Township, Mercer 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 maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the City of Celina and Mendon Union fire departments to provide fire service and contracts with Mercer County for Emergency Medical Services to provide 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 NOW account is valued at cost.

**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 Fund:

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**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 had the following significant Capital Project Fund:

Issue II Fund - The Township received a grant from the State of Ohio to resurface township roads.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 unencumbered 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 1999 and 1998 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 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>1999</u>	<u>1998</u>
Demand deposits	<u>\$120,888</u>	<u>\$116,376</u>
Total deposits	<u><u>120,888</u></u>	<u><u>116,376</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
(Continued)

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and December 31 1998 was as follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,930	\$83,046	\$38,116
Special Revenue	75,476	79,944	4,468
Total	<u>\$120,406</u>	<u>\$162,990</u>	<u>\$42,584</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$97,029	\$54,495	\$42,534
Special Revenue	131,133	103,983	27,150
Total	<u>\$228,162</u>	<u>\$158,478</u>	<u>\$69,684</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,657	\$58,037	\$6,380
Special Revenue	82,520	107,863	25,343
Capital Projects	36,000	29,640	(6,360)
Total	<u>\$170,177</u>	<u>\$195,540</u>	<u>\$25,363</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$98,225	\$52,507	\$45,718
Special Revenue	118,191	79,247	38,944
Capital Projects	36,000	29,640	6,360
Total	<u>\$252,416</u>	<u>\$161,394</u>	<u>\$91,022</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
(Continued)

**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.

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. RETIREMENT SYSTEMS**

The Township 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 1999 and 1998, members of 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, 1999.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Commercial Property Coverage
- Commercial General Liability Coverage
- Commercial Auto Coverage
- Contractors Equipment
- Electronic Data Processing
- Commercial Umbrella Liability Policy



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

Center Township  
Mercer County  
6408 Hasis Road  
Celina, Ohio 45822

To the Board of Trustees:

We have audited the accompanying financial statements of Center Township, Mercer County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated May 4, 2000. 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*.

**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 May 4, 2000.

Center Township  
Mercer 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 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

May 4, 2000

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 1999 AND 1998**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <b><i>Explain:</i></b>
1997-40254-001	ORC 5705.10 Finding for adjustment against the General or Road and Bridge fund in the amount of \$11,952 in favor of the Motor Vehicle License Tax Fund	Yes	The Township transferred \$11,952 from the General to the Motor Vehicle License Tax Fund in 1998







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CENTER TOWNSHIP**

**MERCER 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 25, 2000**