



**CENTER TOWNSHIP
GUERNSEY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CENTER TOWNSHIP
GUERNSEY COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Center Township
Guernsey County
64990 Larrick Ridge Rd.
Cambridge, OH 43725-9636

To the Board of Trustees:

We have audited the accompanying financial statements of Center Township, Guernsey 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 Center Township, Guernsey County, 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 March 5, 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 audit committee, 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.

Jim Petro
Auditor of State

March 5, 2001

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**CENTER TOWNSHIP
GUERNSEY 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 | \$8,601 | \$43,889 | | \$52,490 |
| Intergovernmental | 28,305 | 73,830 | \$51,069 | 153,204 |
| Earnings on Investments | 1,002 | 586 | | 1,588 |
| Other Revenue | 111 | 1,534 | | 1,645 |
| Total Cash Receipts | <u>38,019</u> | <u>119,839</u> | <u>51,069</u> | <u>208,927</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 19,003 | | | 19,003 |
| Public Safety | | 6,528 | | 6,528 |
| Public Works | 2,763 | 129,832 | | 132,595 |
| Health | 1,815 | | | 1,815 |
| Capital Outlay | 1,614 | | 51,069 | 52,683 |
| Total Cash Disbursements | <u>25,195</u> | <u>136,360</u> | <u>51,069</u> | <u>212,624</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>12,824</u> | <u>(16,521)</u> | <u>0</u> | <u>(3,697)</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | | 14,263 | | 14,263 |
| Transfers-Out | (14,263) | | | (14,263) |
| Total Other Financing Receipts/(Disbursements) | <u>(14,263)</u> | <u>14,263</u> | <u>0</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <u>(1,439)</u> | <u>(2,258)</u> | <u>0</u> | <u>(3,697)</u> |
| Fund Cash Balances, January 1 | 13,724 | 66,123 | | 79,847 |
| Fund Cash Balances, December 31 | <u>\$12,285</u> | <u>\$63,865</u> | <u>\$0</u> | <u>\$76,150</u> |

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

**CENTER TOWNSHIP
GUERNSEY 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) |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
| | General | Special Revenue | Debt Service | Capital Projects | |
| Cash Receipts: | | | | | |
| Local Taxes | \$8,727 | \$48,150 | \$2,775 | | \$59,652 |
| Intergovernmental | 19,908 | 71,869 | 2,775 | \$10,856 | 105,408 |
| Earnings on Investments | 891 | 386 | | | 1,277 |
| Other Revenue | 1,014 | 3,418 | | | 4,432 |
| Total Cash Receipts | <u>30,540</u> | <u>123,823</u> | <u>5,550</u> | <u>10,856</u> | <u>170,769</u> |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| General Government | 19,476 | | | | 19,476 |
| Public Safety | | 6,456 | | | 6,456 |
| Public Works | 10,175 | 108,473 | | | 118,648 |
| Health | 1,097 | | | | 1,097 |
| Debt Service: | | | | | |
| Redemption of Principal | | | 10,000 | | 10,000 |
| Interest and Fiscal Charges | | | 492 | | 492 |
| Capital Outlay | | | | 10,856 | 10,856 |
| Total Cash Disbursements | <u>30,748</u> | <u>114,929</u> | <u>10,492</u> | <u>10,856</u> | <u>167,025</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | (208) | 8,894 | (4,942) | 0 | 3,744 |
| Other Financing Receipts/(Disbursements): | | | | | |
| Transfers-In | | 58 | 5,000 | | 5,058 |
| Transfers-Out | | (5,000) | (58) | | (5,058) |
| Total Other Financing Receipts/(Disbursements) | <u>0</u> | <u>(4,942)</u> | <u>4,942</u> | <u>0</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (208) | 3,952 | 0 | 0 | 3,744 |
| Fund Cash Balances, January 1 | 13,932 | 62,171 | 0 | 0 | 76,103 |
| Fund Cash Balances, December 31 | <u>\$13,724</u> | <u>\$66,123</u> | <u>\$0</u> | <u>\$0</u> | <u>\$79,847</u> |

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

**CENTER TOWNSHIP
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Center Township, Guernsey 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, cemetery maintenance, and fire protection services. The Township contracts with the Lore City Fire Department and the Old Washington Fire Department 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.

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 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:

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.

**CENTER TOWNSHIP
GUERNSEY 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:

General Note Retirement Fund - This fund is used to account for the accumulation of financial resources for, and the payment of, note principal, interest, and related costs.

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 Project Funds:

Public Works Project Fund - The Township received permissive tax money from the County to be used in maintaining the roads.

Community Development Block Grant Fund - This fund is to account for Community Development Block Grant monies spent on behalf of the Township by Guernsey County.

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 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.

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

**CENTER TOWNSHIP
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

F. 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

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 | <u>\$76,150</u> | <u>\$79,847</u> |

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation and 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 | \$30,935 | \$38,019 | \$7,084 |
| Special Revenue | 141,352 | 134,102 | (7,250) |
| Capital Projects | 51,069 | 51,069 | 0 |
| Total | <u>\$223,356</u> | <u>\$223,190</u> | <u>(\$166)</u> |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$45,589 | \$39,458 | \$6,131 |
| Special Revenue | 173,151 | 136,360 | 36,791 |
| Capital Projects | 51,069 | 51,069 | 0 |
| Total | <u>\$269,809</u> | <u>\$226,887</u> | <u>\$42,922</u> |

**CENTER TOWNSHIP
GUERNSEY COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

| 1999 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$28,660 | \$30,540 | \$1,880 |
| Special Revenue | 105,964 | 123,881 | 17,917 |
| Debt Service | 10,550 | 10,550 | 0 |
| Capital Projects | 10,856 | 10,856 | 0 |
| Total | \$156,030 | \$175,827 | \$19,797 |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$34,770 | \$30,748 | \$4,022 |
| Special Revenue | 151,167 | 119,929 | 31,238 |
| Debt Service | 5,550 | 10,550 | (5,000) |
| Capital Projects | 10,856 | 10,856 | 0 |
| Total | \$202,343 | \$172,083 | \$30,260 |

The Township had several instances in which expenditures exceeded appropriations contrary to Ohio Rev. Code Section 5705.41(B).

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.

**CENTER TOWNSHIP
GUERNSEY COUNTY**

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

5. RETIREMENT SYSTEMS

The Township's employees and all but one of the elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The 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, PERS members 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.

The elected official who is not a member of PERS contributes to Social Security. The contribution rate for this official is 6.2% of his gross salary. As required, the Township matches this 6.2% contribution to Social Security. The Township has paid all contributions required through December 31, 2000.

6. 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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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Center Township
Guernsey County
64990 Larrick Ridge Rd.
Cambridge, OH 43725-9636

To the Board of Trustees:

We have audited the accompanying financial statements of Center Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 5, 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 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 result of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-41030-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 5, 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 March 5, 2001.

Center Township
Guernsey 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

March 5, 2001

CENTER TOWNSHIP
GUERNSEY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-41030-001

Noncompliance Citation

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

The following funds had expenditures which exceeded appropriations at the legal level of control by the amounts listed below:

2000

| | |
|-----------------------------------|----------|
| General Fund | |
| Other Insurance | \$ 912 |
| Contracted Services | \$ 360 |
| Road and Bridge Fund | |
| Salaries All Other Township Staff | \$ 4,387 |
| Operating Supplies | \$ 6,308 |
| Public Works Commission | |
| Operating Supplies | \$ 440 |

1999

| | |
|-------------------------|----------|
| General Fund | |
| Other | \$ 872 |
| Road and Bridge | |
| Other Insurance | \$ 608 |
| Dust Control Fund | |
| Operating Supplies | \$ 1,551 |
| Garbage and Waste Fund | |
| Operating Transfers Out | \$ 5,000 |

We recommend the Township Clerk modify appropriations with the Board of Trustees and County Budget Commission before expenditures exceed appropriations. The Township Clerk should deny any payments until the legislative authority has passed the appropriations.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CENTER TOWNSHIP

GUERNSEY 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 22, 2001**