



**Auditor of State  
Betty Montgomery**



**CENTER TOWNSHIP  
CARROLL COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Center Township  
Carroll County  
401 4<sup>th</sup> Street SE  
Carrollton, Ohio 44615

To the Board of Trustees:

We have audited the accompanying financial statements of Center Township (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.

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 and reserves for encumbrances of the Township 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 June 10, 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.

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.

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

**Betty Montgomery**  
Auditor of State

June 10, 2003

**CENTER TOWNSHIP  
CARROLL 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>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$22,130	\$63,918	\$2,000	\$0	\$88,048
Intergovernmental	21,991	64,886			86,877
Licenses, Permits, and Fees		19,033			19,033
Earnings on Investments	391	84			475
Other Revenue	279	10,283			10,562
	<u>44,791</u>	<u>158,204</u>	<u>2,000</u>	<u>0</u>	<u>204,995</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	29,393				29,393
Public Safety		6,919			6,919
Public Works		85,141			85,141
Health	6,683	56,055			62,738
Debt Service:					
Redemption of Principal			4,799		4,799
Interest and Fiscal Charges			2,072		2,072
Capital Outlay	12,660	33,459		60,000	106,119
	<u>48,736</u>	<u>181,574</u>	<u>6,871</u>	<u>60,000</u>	<u>297,181</u>
Total Receipts (Under) Disbursements	<u>(3,945)</u>	<u>(23,370)</u>	<u>(4,871)</u>	<u>(60,000)</u>	<u>(92,186)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes				60,000	60,000
Transfers-In		2,850	6,240		9,090
Transfers-Out	(9,090)				(9,090)
	<u>(9,090)</u>	<u>2,850</u>	<u>6,240</u>	<u>60,000</u>	<u>60,000</u>
Total Other Financing Receipts/(Disbursements)	<u>(9,090)</u>	<u>2,850</u>	<u>6,240</u>	<u>60,000</u>	<u>60,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(13,035)	(20,520)	1,369	0	(32,186)
Fund Cash Balances, January 1	62,341	111,672	0	0	174,013
<b>Fund Cash Balances, December 31</b>	<u><b>\$49,306</b></u>	<u><b>\$91,152</b></u>	<u><b>\$1,369</b></u>	<u><b>\$0</b></u>	<u><b>\$141,827</b></u>
Reserve for Encumbrances, December 31	<u>\$79</u>	<u>\$556</u>	<u>\$0</u>	<u>\$0</u>	<u>\$635</u>

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

**CENTER TOWNSHIP  
CARROLL COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
NON EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Interest	<u>\$2,024</u>
Total Operating Cash Receipts	<u>2,024</u>
<b>Operating Cash Disbursements:</b>	
Capital Outlay	<u>6,000</u>
Total Operating Cash Disbursements	<u>6,000</u>
<b>Operating Loss</b>	<u>(3,976)</u>
Fund Cash Balances, January 1	<u>61,109</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$57,133</u></u>

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



**CENTER TOWNSHIP  
CARROLL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$22,055	\$63,209	\$85,264
Intergovernmental	30,386	70,964	101,350
Licenses, Permits, and Fees		20,001	20,001
Earnings on Investments	1,496	235	1,731
Other Revenue	1,890	11,212	13,102
	<u>55,827</u>	<u>165,621</u>	<u>221,448</u>
<b>Total Cash Receipts</b>			
	<u>55,827</u>	<u>165,621</u>	<u>221,448</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	26,766		26,766
Public Safety		5,378	5,378
Public Works		89,619	89,619
Health	6,491	56,440	62,931
Capital Outlay		1,964	1,964
	<u>33,257</u>	<u>153,401</u>	<u>186,658</u>
<b>Total Cash Disbursements</b>			
	<u>33,257</u>	<u>153,401</u>	<u>186,658</u>
Total Receipts Over Disbursements	22,570	12,220	34,790
Fund Cash Balances, January 1	39,771	99,452	139,223
<b>Fund Cash Balances, December 31</b>	<u><u>\$62,341</u></u>	<u><u>\$111,672</u></u>	<u><u>\$174,013</u></u>
Reserve for Encumbrances, December 31	<u>\$77</u>	<u>\$910</u>	<u>\$987</u>

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

CENTER TOWNSHIP  
CARROLL COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
NON EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Interest	<u>\$2,106</u>
Total Operating Cash Receipts	2,106
Fund Cash Balances, January 1	<u>59,003</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$61,109</u></u>

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

**CENTER TOWNSHIP  
CARROLL COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Center Township, Carroll 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, cemetery maintenance, and fire protection. The Township contracts with the Village of Carrollton 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. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are 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 Funds:

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

**CENTER TOWNSHIP  
CARROLL COUNTY**

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

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

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

**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 Bond (Note) Retirement Fund* – This fund is used to pay the principal and interest due on the loan for the construction of the new township building.

**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 fund:

*Permanent Improvement Fund* - The Township received a loan from Consumer's Bank for construction of the new township building.

**5. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. Township had the following significant fiduciary fund:

*Cemetery Bequest Fund* – This fund receives bequests to maintain the cemeteries located within the Township.

**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 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. Unencumbered 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.

**CENTER TOWNSHIP  
CARROLL COUNTY**

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

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**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:

	2002	2001
Demand deposits	\$149,960	\$186,122
Certificates of deposit	49,000	49,000
Total deposits	\$198,960	\$235,122

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,953	\$44,791	\$6,838
Special Revenue	138,362	161,054	22,692
Debt Service	7,000	8,240	1,240
Capital Projects	0	60,000	60,000
Fiduciary	2,130	2,024	(106)
Total	\$185,445	\$276,109	\$90,664

**CENTER TOWNSHIP  
CARROLL COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$98,700	\$57,905	\$40,795
Special Revenue	245,700	182,130	63,570
Debt Service	7,000	6,871	129
Capital Projects	0	60,000	(60,000)
Fiduciary	13,000	6,000	7,000
Total	<u>\$364,400</u>	<u>\$312,906</u>	<u>\$51,494</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$84,774	\$55,827	(\$28,947)
Special Revenue	138,016	165,621	27,605
Fiduciary	2,181	2,106	(75)
Total	<u>\$224,971</u>	<u>\$223,554</u>	<u>(\$1,417)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$123,800	\$33,334	\$90,466
Special Revenue	234,075	154,311	79,764
Fiduciary	12,000	0	12,000
Total	<u>\$369,875</u>	<u>\$187,645</u>	<u>\$182,230</u>

**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  
CARROLL COUNTY**

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

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$55,201	4.5%
Total	\$55,201	

The general obligation notes were issued to finance the construction of a new township building. The notes are collateralized solely by the Township's taxing authority

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

	General Obligation Notes
Year ending December 31:	
2003	\$8,400
2004	7,397
2005	7,397
2006	7,397
2007	7,397
2008-2011	27,183
Total	\$65,171

**6. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. 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  
Carroll County  
401 4<sup>th</sup> Street  
Carrollton, Ohio 44615

To the Board of Trustees:

We have audited the accompanying financial statements of Center Township (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 10, 2003. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 10, 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. 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 10, 2003.

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

June 10, 2003



**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

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**CENTER TOWNSHIP**

**CARROLL COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 1, 2003**