

CENTER TOWNSHIP

AUDIT REPORT

JANUARY 1, 2011 - DECEMBER 31, 2012

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Dave Yost • Auditor of State

Board of Trustees
Center Township
65765 Larrick Ridge Road
Cambridge, Ohio 43725

We have reviewed the *Independent Auditor's Report* of Center Township, Guernsey County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Center Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 18, 2013

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**CENTER TOWNSHIP
GUERNSEY COUNTY
JANUARY 1, 2011 - DECEMBER 31, 2012**

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Center Township
65765 Larrick Ridge Road
Cambridge, Ohio 43725

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Center Township, Guernsey County, as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility For the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Center Township as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Center Township, Guernsey County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of a Matter

As discussed in Note 3 to the financial statements, during 2011, the Township adopted new accounting guidance in Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 1, 2013, on our consideration of the Township of Senecaville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
May 1, 2013

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, 2012**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 26,922	\$ 151,032	\$ -	\$ -	\$ 177,954
Charges for Services	-	2,057	-	-	2,057
Intergovernmental	16,353	93,320	6,766	15,845	132,284
Earnings on Investments	3,675	2,883	-	-	6,558
Miscellaneous	-	85	-	-	85
Total Cash Receipts	<u>46,950</u>	<u>249,377</u>	<u>6,766</u>	<u>15,845</u>	<u>318,938</u>
Cash Disbursements:					
Current:					
General Government	45,781	-	-	-	45,781
Public Safety	-	17,205	-	-	17,205
Public Works	2,438	284,549	-	-	286,987
Health	1,000	-	-	-	1,000
Capital Outlay	-	-	-	15,000	15,000
Debt Service:					
Redemption of Principal	-	-	5,972	-	5,972
Interest and Other Fiscal Charges	-	-	1,409	-	1,409
Total Cash Disbursements	<u>49,219</u>	<u>301,754</u>	<u>7,381</u>	<u>15,000</u>	<u>373,354</u>
Net Change in Fund Cash Balance	(2,269)	(52,377)	(615)	845	(54,416)
Fund Cash Balances, January 1	<u>29,100</u>	<u>205,839</u>	<u>7,381</u>	<u>15,241</u>	<u>257,561</u>
Fund Cash Balances, December 31					
Restricted	-	153,462	6,766	16,086	176,314
Unassigned (Deficit)	26,831	-	-	-	26,831
Fund Cash Balances, December 31	<u>\$ 26,831</u>	<u>\$ 153,462</u>	<u>\$ 6,766</u>	<u>\$ 16,086</u>	<u>\$ 203,145</u>

See notes to financial statements.

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, 2011**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 24,716	\$ 162,058	\$ -	\$ -	\$ 186,774
Charges for Services	-	4,688	-	-	4,688
Intergovernmental	14,658	95,397	7,381	14,991	132,427
Earnings on Investments	4,609	4,017	-	-	8,626
Miscellaneous	-	125	-	-	125
Total Cash Receipts	<u>43,983</u>	<u>266,285</u>	<u>7,381</u>	<u>14,991</u>	<u>332,640</u>
Cash Disbursements:					
Current:					
General Government	42,687	-	-	-	42,687
Public Safety	-	14,429	-	-	14,429
Public Works	2,500	210,180	-	-	212,680
Health	759	-	-	-	759
Total Cash Disbursements	<u>45,946</u>	<u>224,609</u>	<u>-</u>	<u>-</u>	<u>270,555</u>
Net Change in Fund Cash Balance	(1,963)	41,676	7,381	14,991	62,085
Fund Cash Balances, January 1	<u>31,063</u>	<u>164,163</u>	<u>-</u>	<u>250</u>	<u>195,476</u>
Fund Cash Balances, December 31					
Restricted	-	205,839	7,381	15,241	228,461
Unassigned (Deficit)	29,100	-	-	-	29,100
Fund Cash Balances, December 31	<u>\$ 29,100</u>	<u>\$ 205,839</u>	<u>\$ 7,381</u>	<u>\$ 15,241</u>	<u>\$ 257,561</u>

See notes to financial statements.

**CENTER TOWNSHIP
GUERNSEY COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Center Township, Guernsey County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides for maintenance of roads and bridge and fire protection. The Township contracts with the Old Washington Volunteer Fire Department and Lore City Volunteer Fire Department to provide fire protection services.

The Township participates in the Ohio Plan Risk Management, Inc. public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Township belongs to the Ohio Plan Risk Management, Inc. (the Plan), an unincorporated non-profit association providing a formalized, jointly administered self insurance risk management plan. Member governments pay annual contributions to fund the Plan. The Plan pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**CENTER TOWNSHIP
GUERNSEY COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining, and repairing Township Road and Bridges.

Fire Levy Fund – This fund receives property tax money for maintaining fire protection.

Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds.

Note Retirement Fund – This fund accumulates monies to pay annual debt service requirements.

Capital Projects Funds

These funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following Capital Projects Fund.

Issue II Fund – The Township receives grant money from the County Auditor for repairs of roads and bridges located within the Township.

E. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation. Unencumbered appropriations lapse at year end.

**CENTER TOWNSHIP
GUERNSEY COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

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 2012 and 2011 budgetary activity appears in Note 4.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**CENTER TOWNSHIP
GUERNSEY COUNTY**

NOTES TO FINANCIAL STATEMENTS

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G Property, Plant and Equipment

The Township records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH

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

	<u>2012</u>	<u>2011</u>
Demand deposits	<u>\$ 203,145</u>	<u>\$ 257,561</u>

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

3. CHANGE IN ACCOUNTING PRINCIPLE AND ACCOUNTING BASIS

In 2011, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

Last audit period the Township reported fund financial statements by fund type using the cash basis of accounting presenting each major fund in a separate column with non-major funds aggregated and presented in a single column. This audit period the Township has implemented the cash basis of accounting. The fund financial statements now present each fund type in a separate column under the regulatory basis of accounting as prescribed by the State Auditor's Office. There was no restatement of fund equity due to this change.

**CENTER TOWNSHIP
GUERNSEY COUNTY**

NOTES TO FINANCIAL STATEMENTS

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 38,309	\$ 46,950	\$ 8,641
Special Revenue	234,952	249,377	14,425
Debt Service	7,381	6,766	(615)
Capital Projects	15,845	15,845	-
Total	<u>\$ 296,487</u>	<u>\$ 318,938</u>	<u>\$ 22,451</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 67,410	\$ 49,219	\$ 18,191
Special Revenue	440,782	301,754	139,028
Debt Service	14,762	7,381	7,381
Capital Projects	31,085	15,000	16,085
Total	<u>\$ 554,039</u>	<u>\$ 373,354</u>	<u>\$ 180,685</u>

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 40,381	\$ 43,983	\$ 3,602
Special Revenue	249,506	266,285	16,779
Debt Service	7,381	7,381	-
Capital Projects	14,991	14,991	-
Total	<u>\$ 312,259</u>	<u>\$ 332,640</u>	<u>\$ 20,381</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 71,443	\$ 45,946	\$ 25,497
Special Revenue	413,665	224,609	189,056
Debt Service	7,381	-	7,381
Capital Projects	15,240	-	15,240
Total	<u>\$ 507,729</u>	<u>\$ 270,555</u>	<u>\$ 237,174</u>

Contrary to 5705.41(D), the Township had instances where invoices were dated prior to certification.

**CENTER TOWNSHIP
GUERNSEY COUNTY**

NOTES TO FINANCIAL STATEMENTS

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township 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 payments, 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.

6. DEBT

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest rate
Peoples Bank – Truck Loan 2010	\$ 27,005	3.61%
Total	\$ 27,005	

The Township entered into a loan agreement in 2010 for the purchase of a Truck from Peoples Bank. The Truck purchased collateralized the loan. This loan is paid in annual installments starting in 2012 of \$7,381.

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

Year ending December 31:	Truck
2013	\$ 7,381
2014	7,381
2015	7,381
2016	7,381
Total	\$ 29,524

7. RETIREMENT SYSTEMS

The Township’s full-time employees and elected officials 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 2012 and 2011, PERS members contributed 10.0% of their wages, respectively. The Township contributed an amount equal to 14.00% of participant’s gross salaries for 2012 and 2011, respectively. The Township has paid all contributions required through December 31, 2012.

**CENTER TOWNSHIP
GUERNSEY COUNTY**

NOTES TO FINANCIAL STATEMENTS

8. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Risk Management Plan, (The “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio Governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage premiums are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 41.5% (41.5% effective November 1, 2011, 40% through October 31, 2011 and 17.5% through October 31, 2010) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 782 and 761 members as of December 31, 2011 and 2010, respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, the latest information available.

	<u>2011</u>	<u>2010</u>
Assets	\$ 12,501,280	\$ 12,036,541
Liabilities	<u>(5,328,761)</u>	<u>(4,845,056)</u>
Retained Earnings	<u>\$ 7,172,519</u>	<u>\$ 7,191,485</u>

You can read the complete audited financial statements for the OPRM at the Plan’s website, www.ohioplan.org.

9. CONTINGENT LIABILITIES

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

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Center Township
Guernsey County
65765 Larrick Ridge Road
Cambridge, Ohio 43725

To The Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States of America and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Center Township, Guernsey County, Ohio, as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated May 1, 2013, wherein we noted the Township followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1. As stated in Note 3, the Township has implemented GASB Statement No.54 "*Fund balance Reporting and Governmental Fund Type Definitions*" during 2012 and 2011.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Center Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely misstatements. *A material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether Center Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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 or other matters that are required to be reported under *Government Auditing Standard*.

We noted certain immaterial instances of noncompliance that we have reported to the management of Center Township in a separate letter dated May 1, 2013.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
May 1, 2013

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Dave Yost • Auditor of State

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
JULY 2, 2013**