



**CENTER TOWNSHIP
MORGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**CENTER TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Center Township
Morgan County
2929 St. Rt. 83
Beverly, Ohio 45715

To Members of the Board of Trustees:

We have audited the accompanying financial statements of Center Township, Morgan County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 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, Morgan County, as of December 31, 1999 and 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 June 6, 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 management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 6, 2000

CENTER TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Governmental Fund Types</u>			<u>Fiduciary</u> <u>Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Capital</u> <u>Projects</u>	<u>Non-expendable</u> <u>Trust Fund</u>	
Cash Receipts:					
Local Taxes	\$96,467	\$114,007		\$	\$210,474
Intergovernmental	5,400	87,639	\$62,113		155,152
Licenses, Permits, and Fees		750			750
Earnings on Investments	6,186	3,946			10,132
Other Revenue	28	6,345			6,373
Total Cash Receipts	<u>108,081</u>	<u>212,687</u>	<u>62,113</u>	<u>0</u>	<u>382,881</u>
Cash Disbursements:					
Current:					
General Government	74,404				74,404
Public Safety	1,795				1,795
Public Works		132,207			132,207
Health	71,473	1,381			72,854
Capital Outlay	4,100	40,429	62,113		106,642
Total Cash Disbursements	<u>151,772</u>	<u>174,017</u>	<u>62,113</u>	<u>0</u>	<u>387,902</u>
Total Receipts Over/(Under) Disbursements	<u>(43,691)</u>	<u>38,670</u>	<u>0</u>	<u>0</u>	<u>(5,021)</u>
Other Financing Receipts/(Disbursements):					
Other Sources	26	150			176
Total Other Financing Receipts/(Disbursements)	<u>26</u>	<u>150</u>	<u>0</u>	<u>0</u>	<u>176</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(43,665)	38,820	0	0	(4,845)
Fund Cash Balances, January 1	76,450	141,206	0	500	218,156
Fund Cash Balances, December 31	<u>\$32,785</u>	<u>\$180,026</u>	<u>\$0</u>	<u>\$500</u>	<u>\$213,311</u>

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

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Non-expendable Trust Fund</u>	
Cash Receipts:				
Local Taxes	\$92,196	\$108,959	\$	\$201,155
Intergovernmental	23,911	117,927		141,838
Licenses, Permits, and Fees		1,100		1,100
Earnings on Investments	6,820	3,060		9,880
Other Revenue	30	45,112		45,142
	<hr/>	<hr/>		<hr/>
Total Cash Receipts	122,957	276,158	0	399,115
	<hr/>	<hr/>		<hr/>
Cash Disbursements:				
Current:				
General Government	60,579			60,579
Public Safety	3,102			3,102
Public Works	19,000	157,890		176,890
Health	49,429	1,270		50,699
Capital Outlay	1,011	68,997		70,008
	<hr/>	<hr/>		<hr/>
Total Cash Disbursements	133,121	228,157	0	361,278
	<hr/>	<hr/>		<hr/>
Total Receipts Over/(Under) Disbursements	(10,164)	48,001	0	37,837
	<hr/>	<hr/>		<hr/>
Other Financing Receipts/(Disbursements):				
Other Sources	5,076	100		5,176
	<hr/>	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)	5,076	100	0	5,176
	<hr/>	<hr/>		<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(5,088)	48,101	0	43,013
	<hr/>	<hr/>		<hr/>
Fund Cash Balances, January 1	81,538	93,105	500	175,143
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$76,450	\$141,206	\$500	\$218,156
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The notes to the financial statements are an integral part of this statement.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Center Township, Morgan 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. The Township contracts with the Malta/McConnelsville Fire Department to provide fire services and Emergency Medical 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. Cash and Investments

Certificates of deposit are valued at cost.

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.

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:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for maintaining and repairing Township roads.

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.

Federal Emergency Management Agency (FEMA) Fund - This fund receives money from the federal government to pay for the repairs needed as the result of a natural disaster.

3. Capital Projects Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following Capital Projects Fund:

Issue II - This fund is established to account for Issue II money received and disbursed by the Morgan County Engineer on behalf of the Township.

4. Fiduciary Funds (Trust Fund)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Funds:

Molyneux Trust Fund - This Non-expendable Trust Fund receives interest from investments for the purpose of maintaining a cemetery located in 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, 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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

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.

G. 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 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>1998</u>	<u>1999</u>
Demand deposits	\$217,656	\$212,811
Certificates of deposit	<u>500</u>	<u>500</u>
Total deposits	<u><u>218,156</u></u>	<u><u>213,311</u></u>

Deposits are either insured by the Federal Deposit Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Township.

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

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$98,300	\$108,107	\$9,807
Special Revenue	189,832	212,837	23,005
Capital Projects	0	62,113	62,113
Total	\$288,132	\$383,057	\$94,925

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$174,700	\$151,772	\$22,928
Special Revenue	330,952	174,017	156,935
Capital Projects	0	62,113	(62,113)
Total	\$505,652	\$387,902	\$117,750

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$116,705	\$128,033	\$11,328
Special Revenue	263,806	276,258	12,452
Total	\$380,511	\$404,291	\$23,780

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$198,200	\$133,121	\$65,079
Special Revenue	340,800	228,157	112,643
Total	\$539,000	\$361,278	\$177,722

During 1999, the Issue II Fund had expenditures which exceeded appropriations, contrary to Ohio Rev. Code Section 5705.41(B).

CENTER TOWNSHIP
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.

Public Utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RETIREMENT SYSTEMS

The Township's 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 is a member of the Ohio Township Risk Management Authority, a local government risk pool. The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle
- Employee Benefit Liability

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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

Center Township
Morgan County
2929 St. Rt. 83
Beverly, Ohio 45715

To Members of the Board of Trustees:

We have audited the accompanying financial statements of Center Township, Morgan County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998 and have issued our report thereon dated June 6, 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 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 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 1999-41058-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 6, 2000.

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 June 6, 2000.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 6, 2000

**CENTER TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	1999-41058-001
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Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from making a disbursement unless it has been properly appropriated.

During 1999, the Township participated in the Ohio Public Works Commission's Issue II Funding Program. Under this Program, the State expended \$62,113 on behalf of the Township for the paving of a Township road. This activity was not recorded on the Township's books (either as an appropriation or as an actual expenditure); however, the accompanying financial statements have been adjusted to include Issue II receipts and expenditures as prescribed by Auditor of State Bulletin 89-17. These receipts and expenditures were not budgeted by the Township and, as a result, actual disbursements exceeded appropriations in the Issue II Capital Projects Fund for the year ended December 31, 1999.

We recommend the Township include in its Official or Amended Certificate of Estimated Resources the amount of Issue II monies anticipated to be received in the Capital Projects Fund during the fiscal year. The Issue II fund appropriations should include the amount necessary to meet the obligations to be incurred during the fiscal year. Once notification has been received by the Township that project expenditures have been made on the Township's behalf, the Township should record a receipt and expenditure. We recommend such appropriations and corresponding disbursements be posted to an appropriation ledger as prescribed by Ohio Administrative Code Section 117-2-13 in order that the Township may comply with Ohio Rev. Code Section 5705.41(B).



STATE OF OHIO
OFFICE OF THE AUDITOR

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CENTER TOWNSHIP

MORGAN 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 25, 2000**