

**CENTER TOWNSHIP,
GUERNSEY COUNTY**

**Audited Financial Statements
For the years ended December 31, 2006 and 2005**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Center Township
64697 Slade Road
Cambridge, Ohio 43725

We have reviewed the *Independent Accountants' Report* of Center Township, Guernsey County, prepared by Tucker & Tucker for the audit period January 1, 2005 through December 31, 2006. 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.

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 24, 2008

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**CENTER TOWNSHIP
GUERNSEY COUNTY**

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GUERNSEY COUNTY**

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Independent Accountants' Report

Center Township
Guernsey County, Ohio
64697 Slade Road
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Center Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 *Governmental 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 opinions.

As discussed in Note 2, Center Township, Guernsey County, Ohio, prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Center Township, Guernsey County, Ohio, as of December 31, 2006 and 2005, and the respective changes in financial position – cash basis, and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, Dust Control, Garbage and Waste, and Miscellaneous Special Revenue Funds, thereof for the years then ended in conformity with the basis of accounting described in Note 2.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2008, on our consideration of Center Township, Guernsey County, Ohio’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management’s discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Tucker & Tucker

Cambridge, Ohio
January 11, 2008

Center Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

This discussion and analysis of Center Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$16,370, or 15 percent, a significant change from the prior year. The funds realizing most of the increase were the Gasoline Tax and Dust Control Special Levy Funds. Increased Gasoline Tax receipts affected the increase in the Gasoline Tax Fund. Reduced expenditures in the Dust Control Special Levy Fund affected the Fund's net asset increase.

The Township's general receipts are primarily property taxes and intergovernmental revenue. These receipts represent 99 percent of the total cash received for governmental activities during the year. Property tax receipts for 2006 changed very little compared to 2005 as development within the Township has slowed. Intergovernmental receipts decreased 35 percent due to lower FEMA funding.

Key highlights for 2005 are as follows:

Net assets of governmental activities decreased \$32,414, or 23 percent, a significant change from the prior year. The funds realizing the decrease the most were the Dust Control Special Levy Fund and the FEMA Fund. These funds decreased due to higher expenditures.

The Township's general receipts are primarily property taxes and intergovernmental revenue. These receipts represent 99 percent of the total cash received for governmental activities during the year. Property taxes increased \$23,033, or 19 percent due to higher receipts on the Garbage Special Levy. Intergovernmental revenue increased \$27,055 due primarily to higher Road and Bridge Fund receipts.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Center Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Report Components

The statements of net assets and the statements of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained in the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The statements of net assets and the statements of activities reflect how the Township did financially during 2006 and 2005, within the limitations of the cash basis of accounting. The statements of net assets present the cash balances activities of the Township at each year end. The statements of activities compare cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the Township's general receipts.

Center Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well, such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operation and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statements of net assets and the statements of activities, the Township reports only one type of activity.

Governmental activities: Most of the Township's basic services are reported here, including fire and roads. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are governmental.

Governmental Funds – All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Fund, Road and Bridge Fund, Dust Control Fund, Garbage and Waste Fund, and Miscellaneous Special Revenue Fund. The programs reported in governmental funds are the same as those reported in the governmental activities section of the entity-wide statements.

**Center Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited**

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2006 and 2005 compared to 2004 on a cash basis.

(Table 1)
Net Assets

| | <u>Governmental Activities</u> | | |
|---------------------------|--------------------------------|-------------------|-------------------|
| | <u>2006</u> | <u>2005</u> | <u>2004</u> |
| Assets | | | |
| Cash and Cash Equivalents | \$ 124,101 | \$ 107,731 | \$ 140,145 |
| Total Assets | <u>\$ 124,101</u> | <u>\$ 107,731</u> | <u>\$ 140,145</u> |
| Net Assets | | | |
| Restricted for: | | | |
| Debt Service | \$0 | \$ 402 | \$ 4 |
| Capital Outlay | 2,733 | 27 | 3,894 |
| Other Purposes | 104,921 | 88,148 | 113,987 |
| Unrestricted | <u>16,447</u> | <u>19,154</u> | <u>22,260</u> |
| Total Net Assets | <u>\$ 124,101</u> | <u>\$ 107,731</u> | <u>\$ 140,145</u> |

As mentioned previously, net assets of governmental activities increased \$16,370 or 15 percent during 2006. The primary reasons contributing to the increase in cash balances are as follows.

- The Township received \$10,194 of additional Gasoline Tax monies.
- The annual expenditures in the Dust Control Special Levy Fund decreased by \$21,166.

As mentioned previously, net assets of governmental activities decreased \$32,414, or 23 percent during 2005. The primary reasons contributing to the decrease in cash balances are as follows:

- The Township spent \$57,469 out of the FEMA Fund for road and bridge work.
- Disbursements exceeding receipts by \$12,965 in the Dust Control Fund.

Center Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Table 2 reflects the changes in net assets in 2006 and 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)
Changes in Net Assets

| | Governmental Activities | |
|---|----------------------------|-------------------|
| | 2006 | 2005 |
| Receipts: | | |
| Program Receipts: | | |
| Charges for Services and Sales | \$0 | \$ 1,188 |
| Operating Grants and Contributions | 123,268 | 194,211 |
| Capital Grants and Contributions | 14,991 | 14,773 |
| Total Program Receipts | <u>138,259</u> | <u>210,172</u> |
| General Receipts: | | |
| Property and Other Local Taxes | 145,509 | 145,864 |
| Grants and Entitlements Not Restricted to Specific Programs | 17,550 | 29,574 |
| Sale of Notes | 0 | 31,260 |
| Interest | 749 | 396 |
| Miscellaneous | 420 | 2,265 |
| Total General Receipts | <u>164,228</u> | <u>209,359</u> |
| Total Receipts | <u>302,487</u> | <u>419,531</u> |
| Disbursements: | | |
| General Government | 35,373 | 34,356 |
| Public Safety | 8,040 | 8,900 |
| Health Services | 4,696 | 5,262 |
| Public Works | 213,642 | 332,067 |
| Capital Outlay | 12,512 | 50,400 |
| Principal Retirement | 11,416 | 19,843 |
| Interest and Fiscal Charges | 438 | 1,117 |
| Total Disbursements | <u>286,117</u> | <u>451,945</u> |
| Increase (Decrease) in Net Assets | 16,370 | (32,414) |
| Net Assets, January 1 | <u>107,731</u> | <u>140,145</u> |
| Net Assets, December 31 | <u>\$ 124,101</u> | <u>\$ 107,731</u> |

Center Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Program receipts of \$138,259 and \$210,172 in 2006 and 2005 respectively, represent 46 percent and 50 percent of each year's total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, and FEMA grants. The FEMA grants in 2005 included a one-time \$46,291 grant.

General receipts represent 54 percent and 50 percent respectively of the 2006 and 2005 Township total receipts. Over 69 percent of each year's amount are local taxes. State and local grants and entitlements and the sale of notes make up the majority of the balance. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Trustees and the clerk, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 30% of General Fund unrestricted receipts.

Public Safety is the cost of fire protection. Health Services is the cost of maintaining the Township cemetery. Public Works is the general maintenance as well as repair of roads, along with dust control and garbage and waste services.

Governmental Activities

If you look at the Statements of Activities on pages 12 and 21, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Works and General Government, which account for 75 and 12 percent in 2006, and 73 percent and 8 percent in 2005, of all governmental disbursements, respectively. The next three columns of the Statements entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statements. A comparison between the total cost of services and the net cost is presented in Table 3.

**Center Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited**

(Table 3)

Governmental Activities

| | Total Cost of Services 2006 | Net Cost of Services 2006 | Total Cost of Services 2005 | Net Cost of Services 2005 |
|-----------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| General Government | \$ 35,373 | \$ (20,382) | \$ 34,356 | \$ (19,583) |
| Public Safety | 8,040 | (8,040) | 8,900 | (8,900) |
| Public Health Services | 4,696 | (4,696) | 5,262 | (5,262) |
| Public Works | 213,642 | (90,374) | 332,067 | (136,273) |
| Capital Outlay | 12,512 | (12,512) | 50,400 | (50,400) |
| Principal Retirement | 11,416 | (11,416) | 19,843 | (19,843) |
| Interest and Fiscal Charges | 438 | (438) | 1,117 | (1,117) |
| Total Expenses | \$ 286,117 | \$ (147,858) | \$ 451,945 | \$ (241,378) |

The dependence upon property tax receipts and unrestricted grants and entitlements is apparent as over 50 percent of governmental activities are supported through these general receipts.

The Government's Funds

During 2006, total governmental funds had receipts of \$302,487 and disbursements of \$286,117. The greatest change within governmental funds occurred within the Gasoline Tax Fund, which had increased receipts of \$10,216, and the Dust Control Fund, which had decreased disbursements of \$21,166 compared to 2005.

During 2005, total governmental funds had receipts of \$419,531 and disbursements of \$451,945. The greatest change within governmental funds occurred as a result of a higher level of disbursements in the FEMA Fund and the Dust Control Fund.

General Fund receipts were less than disbursements by \$2,707 in 2006 and by \$3,106 in 2005 indicating that the General Fund is in a conservative spending mode.

Center Township, Guernsey County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2006 and 2005, the changes from the original budget to the final budget have been minimal. Fluctuations in growth and diversity have typically not occurred in the Township, allowing the Board of Trustees the ability to consistently predict receipts and disbursements. The difference between final budgeted receipts and actual receipts was not significant.

During 2006, final disbursements were budgeted at \$54,953 while actual disbursements were \$42,792. The Township kept spending under the budgeted expenditure amounts to maintain its limited general fund net asset balance. The result is the decrease in fund balance of \$2,707 for 2006.

During 2005, final disbursements were budgeted at \$88,895 while actual disbursements were \$73,780. The Township kept spending under the budgeted expenditure amounts to maintain its limited general fund net asset balance. The result is the decrease in fund balance of \$3,106 for 2005.

Capital Assets and Debt Administration

Debt - At December 31, 2006 the Township had no outstanding debt. At December 31, 2005 the Township owed \$11,416 on an equipment note. For further information regarding the Township's debt, refer to Note 7 to the basic financial statements.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts an increase for 2007 is unlikely; therefore, the Township implemented a strategy to continue to spend conservatively in 2007.

Contacting the Government's Financial Manager

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Martha A. Starr, Clerk/Fiscal Officer, Center Township, 64697 Slade Road, Cambridge, OH 43725.

Center Township, Guernsey County, Ohio
Statement of Net Assets - Cash Basis
December 31, 2006

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$ 124,101</u> |
| Total Assets | <u><u>\$ 124,101</u></u> |
| Net Assets | |
| Restricted for: | |
| Capital Projects | \$ 2,733 |
| Other Purposes | 104,921 |
| Unrestricted | <u>16,447</u> |
| Total Net Assets | <u><u>\$ 124,101</u></u> |

See accompanying notes to the basic financial statements.

Center Township, Guernsey County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

| | | Program Cash Receipts | | Net (Disbursements) Receipts and Changes in Net Assets |
|---|-----------------------|--|-------------------------------------|--|
| | Cash Disbursements | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | |
| General Government | \$ 35,373 | \$0 | \$ 14,991 | \$ (20,382) |
| Public Safety | 8,040 | 0 | 0 | (8,040) |
| Public Works | 213,642 | 123,268 | 0 | (90,374) |
| Health | 4,696 | 0 | 0 | (4,696) |
| Capital Outlay | 12,512 | 0 | 0 | (12,512) |
| Debt Service: | | | | |
| Principal | 11,416 | 0 | 0 | (11,416) |
| Interest | 438 | 0 | 0 | (438) |
| Total | \$ 286,117 | \$ 123,268 | \$ 14,991 | (147,858) |
| General Receipts | | | | |
| Property Taxes Levied for: | | | | |
| General Purposes | | | | 145,509 |
| Grants and Entitlements not Restricted to Specific Programs | | | | 17,550 |
| Interest | | | | 749 |
| Miscellaneous | | | | 420 |
| Total General Receipts | | | | 164,228 |
| Change in Net Assets | | | | 16,370 |
| Net Assets Beginning of Year | | | | 107,731 |
| Net Assets End of Year | | | | \$ 124,101 |

See accompanying notes to the basic financial statements.

Center Township, Guernsey County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

| | <u>General</u> | <u>Gasoline Tax Fund</u> | <u>Road and Bridge Fund</u> | <u>Dust Control Special Levy Fund</u> | <u>Garbage Special Levy</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------|------------------------------|-------------------------------------|---|-------------------------------------|---|---|
| Assets | | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 16,447 | \$ 38,756 | \$ 19,029 | \$ 14,830 | \$ 12,521 | \$ 22,518 | \$ 124,101 |
| Total Assets | <u>\$ 16,447</u> | <u>\$ 38,756</u> | <u>\$ 19,029</u> | <u>\$ 14,830</u> | <u>\$ 12,521</u> | <u>\$ 22,518</u> | <u>\$ 124,101</u> |
| Fund Balances | | | | | | | |
| Unreserved: | | | | | | | |
| Undesignated (Deficit) Reported in: | | | | | | | |
| General Fund | \$ 16,447 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 16,447 |
| Special Revenue Funds | 0 | 38,756 | 19,029 | 14,830 | 12,521 | 19,785 | 104,921 |
| Capital Projects Funds | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>2,733</u> | <u>2,733</u> |
| Total Fund Balances | <u>\$ 16,447</u> | <u>\$ 38,756</u> | <u>\$ 19,029</u> | <u>\$ 14,830</u> | <u>\$ 12,521</u> | <u>\$ 22,518</u> | <u>\$ 124,101</u> |

Center Township, Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

| | General | Gasoline Tax | Road and Bridge | Dust Control Special Levy | Garbage Special Levy | Other Governmental Funds | Total Governmental Funds |
|---|------------------|------------------|--------------------|---------------------------------|----------------------------|--------------------------------|--------------------------------|
| Receipts | | | | | | | |
| Property and Other Local Taxes | \$ 19,549 | \$0 | \$ 66,201 | \$ 21,670 | \$ 19,051 | \$ 19,038 | \$ 145,509 |
| Intergovernmental | 19,956 | 82,601 | 7,670 | 2,530 | 2,528 | 40,524 | 155,809 |
| Interest | 472 | 204 | 0 | 0 | 0 | 73 | 749 |
| Other | 49 | 0 | 311 | 0 | 0 | 1 | 361 |
| Total Receipts | 40,026 | 82,805 | 74,182 | 24,200 | 21,579 | 59,636 | 302,428 |
| Disbursements | | | | | | | |
| Current: | | | | | | | |
| General Government | 35,373 | 0 | 0 | 0 | 0 | 0 | 35,373 |
| Public Safety | 0 | 0 | 0 | 0 | 0 | 8,040 | 8,040 |
| Public Works | 2,496 | 71,882 | 82,453 | 10,426 | 18,034 | 28,351 | 213,642 |
| Health | 4,696 | 0 | 0 | 0 | 0 | 0 | 4,696 |
| Capital Outlay | 227 | 0 | 0 | 0 | 0 | 12,285 | 12,512 |
| Debt Service: | | | | | | | |
| Principal | 0 | 0 | 0 | 0 | 0 | 11,416 | 11,416 |
| Interest | 0 | 0 | 0 | 0 | 0 | 438 | 438 |
| Total Disbursements | 42,792 | 71,882 | 82,453 | 10,426 | 18,034 | 60,530 | 286,117 |
| Excess of Receipts Over (Under) Disbursements | (2,766) | 10,923 | (8,271) | 13,774 | 3,545 | (894) | 16,311 |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers In | 0 | 0 | 0 | 0 | 0 | 4,262 | 4,262 |
| Transfers Out | 0 | 0 | 0 | 0 | (4,262) | 0 | (4,262) |
| Other Sources | 59 | 0 | 0 | 0 | 0 | 0 | 59 |
| Total Other Financing Sources (Uses) | 59 | 0 | 0 | 0 | (4,262) | 4,262 | 59 |
| Net Change in Fund Balances | (2,707) | 10,923 | (8,271) | 13,774 | (717) | 3,368 | 16,370 |
| Fund Balances Beginning of Year | 19,154 | 27,833 | 27,300 | 1,056 | 13,238 | 19,150 | 107,731 |
| Fund Balances End of Year | <u>\$ 16,447</u> | <u>\$ 38,756</u> | <u>\$ 19,029</u> | <u>\$ 14,830</u> | <u>\$ 12,521</u> | <u>\$ 22,518</u> | <u>\$ 124,101</u> |

Center Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | | Variance with |
|---|-------------------------|---------------------|-------------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Final Budget Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 20,288 | \$ 17,788 | \$ 19,549 | \$ 1,761 |
| Intergovernmental | 15,264 | 17,764 | 19,956 | 2,192 |
| Interest | 260 | 260 | 472 | 212 |
| Other | 0 | 0 | 49 | 49 |
| Total Receipts | <u>35,812</u> | <u>35,812</u> | <u>40,026</u> | <u>4,214</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 41,353 | 41,353 | 35,373 | 5,980 |
| Public Works | 5,500 | 5,500 | 2,496 | 3,004 |
| Health | 5,800 | 5,800 | 4,696 | 1,104 |
| Capital Outlay | 500 | 500 | 227 | 273 |
| Debt Service: | | | | |
| Principal | 1,800 | 1,800 | 0 | 1,800 |
| Interest | 0 | 0 | 0 | 0 |
| Total Disbursements | <u>54,953</u> | <u>54,953</u> | <u>42,792</u> | <u>12,161</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(19,141)</u> | <u>(19,141)</u> | <u>(2,766)</u> | <u>16,375</u> |
| Other Financing Sources | | | | |
| Other Sources | <u>0</u> | <u>0</u> | <u>59</u> | <u>59</u> |
| Total Other Financing Sources | <u>0</u> | <u>0</u> | <u>59</u> | <u>59</u> |
| Net Change in Fund Balance | (19,141) | (19,141) | (2,707) | 16,434 |
| Fund Balance Beginning of Year | <u>19,154</u> | <u>19,154</u> | <u>19,154</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$ 13</u></u> | <u><u>\$ 13</u></u> | <u><u>\$ 16,447</u></u> | <u><u>\$ 16,434</u></u> |

See accompanying notes to the basic financial statements.

Center Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------|-------------------------|---------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Intergovernmental | \$ 64,409 | \$ 64,409 | \$ 82,601 | \$ 18,192 |
| Interest | <u>75</u> | <u>75</u> | <u>204</u> | <u>129</u> |
| Total Receipts | <u>64,484</u> | <u>64,484</u> | <u>82,805</u> | <u>18,321</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | <u>92,300</u> | <u>92,300</u> | <u>71,882</u> | <u>20,418</u> |
| Total Disbursements | <u>92,300</u> | <u>92,300</u> | <u>71,882</u> | <u>20,418</u> |
| Net Change in Fund Balance | (27,816) | (27,816) | 10,923 | 38,739 |
| Fund Balance Beginning of Year | <u>27,833</u> | <u>27,833</u> | <u>27,833</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$ 17</u></u> | <u><u>\$ 17</u></u> | <u><u>\$ 38,756</u></u> | <u><u>\$ 38,739</u></u> |

See accompanying notes to the basic financial statements.

Center Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------|-------------------------|---------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 68,865 | \$ 60,510 | \$ 66,201 | \$ 5,691 |
| Intergovernmental | 0 | 8,355 | 7,670 | (685) |
| Other | 0 | 0 | 311 | 311 |
| Total Receipts | <u>68,865</u> | <u>68,865</u> | <u>74,182</u> | <u>5,317</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | <u>96,150</u> | <u>96,150</u> | <u>82,453</u> | <u>13,697</u> |
| Total Disbursements | <u>96,150</u> | <u>96,150</u> | <u>82,453</u> | <u>13,697</u> |
| Net Change in Fund Balance | (27,285) | (27,285) | (8,271) | 19,014 |
| Fund Balance Beginning of Year | <u>27,300</u> | <u>27,300</u> | <u>27,300</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$ 15</u></u> | <u><u>\$ 15</u></u> | <u><u>\$ 19,029</u></u> | <u><u>\$ 19,014</u></u> |

See accompanying notes to the basic financial statements.

Center Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Dust Control Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------|-------------------------|--------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 22,145 | \$ 20,075 | \$ 21,670 | \$ 1,595 |
| Intergovernmental | 0 | 2,070 | 2,530 | 460 |
| Total Receipts | <u>22,145</u> | <u>22,145</u> | <u>24,200</u> | <u>2,055</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | <u>23,200</u> | <u>23,200</u> | <u>10,426</u> | <u>12,774</u> |
| Total Disbursements | <u>23,200</u> | <u>23,200</u> | <u>10,426</u> | <u>12,774</u> |
| Net Change in Fund Balance | (1,055) | (1,055) | 13,774 | 14,829 |
| Fund Balance Beginning of Year | <u>1,056</u> | <u>1,056</u> | <u>1,056</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$ 1</u></u> | <u><u>\$ 1</u></u> | <u><u>\$ 14,830</u></u> | <u><u>\$ 14,829</u></u> |

See accompanying notes to the basic financial statements.

Center Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Garbage and Waste Fund
For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | | Variance with |
|---------------------------------------|-------------------------|--------------------|-------------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Final Budget Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 19,885 | \$ 17,120 | \$ 19,051 | \$ 1,931 |
| Intergovernmental | <u>0</u> | <u>2,765</u> | <u>2,528</u> | <u>(237)</u> |
| Total Receipts | <u>19,885</u> | <u>19,885</u> | <u>21,579</u> | <u>1,694</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | <u>33,122</u> | <u>28,860</u> | <u>18,034</u> | <u>10,826</u> |
| Total Disbursements | <u>33,122</u> | <u>28,860</u> | <u>18,034</u> | <u>10,826</u> |
| Excess of Receipts Over(Under) | | | | |
| Disbursements | <u>(13,237)</u> | <u>(8,975)</u> | <u>3,545</u> | <u>12,520</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | <u>0</u> | <u>(4,262)</u> | <u>(4,262)</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>(4,262)</u> | <u>(4,262)</u> | <u>0</u> |
| Net Change in Fund Balance | (13,237) | (13,237) | (717) | 12,520 |
| Fund Balance Beginning of Year | <u>13,238</u> | <u>13,238</u> | <u>13,238</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$ 1</u></u> | <u><u>\$ 1</u></u> | <u><u>\$ 12,521</u></u> | <u><u>\$ 12,520</u></u> |

See accompanying notes to the basic financial statements.

Center Township, Guernsey County, Ohio
Statement of Net Assets - Cash Basis
December 31, 2005

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$ 107,731</u> |
| Total Assets | <u><u>\$ 107,731</u></u> |
| Net Assets | |
| Restricted for: | |
| Capital Projects | \$ 27 |
| Debt Service | 402 |
| Other Purposes | 88,148 |
| Unrestricted | <u>19,154</u> |
| Total Net Assets | <u><u>\$ 107,731</u></u> |

See accompanying notes to the basic financial statements.

Center Township, Guernsey County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

| | | Program Cash Receipts | | | Net (Disbursements) Receipts and Changes in Net Assets |
|---|--------------------------------------|--|-------------------------------------|----------------------------|--|
| Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | |
| Governmental Activities | | | | | |
| General Government | \$ 34,356 | \$0 | \$0 | \$ 14,773 | \$ (19,583) |
| Public Safety | 8,900 | 0 | 0 | 0 | (8,900) |
| Public Works | 332,067 | 1,188 | 194,211 | 0 | (136,668) |
| Health | 5,262 | 0 | 0 | 0 | (5,262) |
| Capital Outlay | 50,400 | 0 | 0 | 0 | (50,400) |
| Debt Service: | | | | | |
| Principal | 19,843 | 0 | 0 | 0 | (19,843) |
| Interest | 1,117 | 0 | 0 | 0 | (1,117) |
| Total | <u>\$ 451,945</u> | <u>\$ 1,188</u> | <u>\$ 194,211</u> | <u>\$ 14,773</u> | <u>(241,773)</u> |
| General Receipts | | | | | |
| Property Taxes Levied for: | | | | | |
| General Purposes | | | | | 145,864 |
| Grants and Entitlements not Restricted to Specific Programs | | | | | 29,574 |
| Sale of Notes | | | | | 31,260 |
| Interest | | | | | 396 |
| Miscellaneous | | | | | 2,265 |
| Total General Receipts | | | | | 209,359 |
| Change in Net Assets | | | | | (32,414) |
| Net Assets Beginning of Year | | | | | 140,145 |
| Net Assets End of Year | | | | | \$ 107,731 |

See accompanying notes to the basic financial statements.

Center Township, Guernsey County, Ohio
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

| | General | Gasoline Tax Fund | Road and Bridge Fund | Garbage Special Levy | Misc. Special State FEMA | Other Governmental Funds | Total Governmental Funds |
|--|-----------|----------------------|----------------------------|----------------------------|--------------------------------|--------------------------------|--------------------------------|
| Assets | | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 19,154 | \$ 27,833 | \$ 27,300 | \$ 13,238 | \$ 4,153 | \$ 16,053 | \$ 107,731 |
| Total Assets | \$ 19,154 | \$ 27,833 | \$ 27,300 | \$ 13,238 | \$ 4,153 | \$ 16,053 | \$ 107,731 |
| Fund Balances | | | | | | | |
| Unreserved: | | | | | | | |
| Undesignated (Deficit) Reported in: | | | | | | | |
| General Fund | \$ 19,154 | \$0 | \$0 | \$0 | \$0 | \$0 | \$ 19,154 |
| Special Revenue Funds | 0 | 27,833 | 27,300 | 13,238 | 4,153 | 15,624 | 88,148 |
| Debt Service Fund | 0 | 0 | 0 | 0 | 0 | 402 | 402 |
| Capital Projects Funds | 0 | 0 | 0 | 0 | 0 | 27 | 27 |
| Total Fund Balances | \$ 19,154 | \$ 27,833 | \$ 27,300 | \$ 13,238 | \$ 4,153 | \$ 16,053 | \$ 107,731 |

Center Township, Guernsey County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

| | General | Gasoline Tax | Road and Bridge | Garbage Special Levy | Misc. Special State FEMA | Other Governmental Funds | Total Governmental Funds |
|---|------------------|------------------|--------------------|----------------------------|--------------------------------|--------------------------------|--------------------------------|
| Receipts | | | | | | | |
| Property and Other Local Taxes | \$ 19,880 | \$ 0 | \$ 67,240 | \$ 22,013 | \$ 0 | \$ 36,732 | \$ 145,865 |
| Charges for Services | 0 | 0 | 1,188 | 0 | 0 | 0 | 1,188 |
| Intergovernmental | 31,017 | 72,407 | 49,232 | 1,601 | 46,291 | 38,009 | 238,557 |
| Interest | 280 | 86 | 0 | 0 | 0 | 30 | 396 |
| Other | 13 | 95 | 0 | 0 | 0 | 0 | 108 |
| Total Receipts | 51,190 | 72,588 | 117,660 | 23,614 | 46,291 | 74,771 | 386,114 |
| Disbursements | | | | | | | |
| Current: | | | | | | | |
| General Government | 34,356 | 0 | 0 | 0 | 0 | 0 | 34,356 |
| Public Safety | 0 | 0 | 0 | 0 | 0 | 8,900 | 8,900 |
| Public Works | 2,402 | 80,543 | 123,436 | 9,707 | 57,469 | 58,510 | 332,067 |
| Health | 5,262 | 0 | 0 | 0 | 0 | 0 | 5,262 |
| Capital Outlay | 31,760 | 0 | 0 | 0 | 0 | 18,640 | 50,400 |
| Debt Service: | | | | | | | |
| Principal | 0 | 0 | 0 | 0 | 0 | 19,844 | 19,844 |
| Interest | 0 | 0 | 0 | 0 | 0 | 1,117 | 1,117 |
| Total Disbursements | 73,780 | 80,543 | 123,436 | 9,707 | 57,469 | 107,011 | 451,946 |
| Excess of Receipts Over (Under) Disbursements | (22,590) | (7,955) | (5,776) | 13,907 | (11,178) | (32,240) | (65,832) |
| Other Financing Sources (Uses) | | | | | | | |
| Sale of Notes | 31,260 | 0 | 0 | 0 | 0 | 0 | 31,260 |
| Transfers In | 0 | 0 | 0 | 0 | 0 | 16,533 | 16,533 |
| Transfers Out | (13,934) | 0 | 0 | (2,599) | 0 | 0 | (16,533) |
| Other Financing Sources | 2,158 | 0 | 0 | 0 | 0 | 0 | 2,158 |
| Total Other Financing Sources (Uses) | 19,484 | 0 | 0 | (2,599) | 0 | 16,533 | 33,418 |
| Net Change in Fund Balances | (3,106) | (7,955) | (5,776) | 11,308 | (11,178) | (15,707) | (32,414) |
| Fund Balances Beginning of Year | 22,260 | 35,788 | 33,076 | 1,930 | 15,331 | 31,760 | 140,145 |
| Fund Balances End of Year | <u>\$ 19,154</u> | <u>\$ 27,833</u> | <u>\$ 27,300</u> | <u>\$ 13,238</u> | <u>\$ 4,153</u> | <u>\$ 16,053</u> | <u>\$ 107,731</u> |

Center Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | | Variance with |
|---|-------------------------|-----------------|------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Final Budget Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 17,348 | \$ 17,348 | \$ 19,880 | \$ 2,532 |
| Intergovernmental | 32,541 | 32,541 | 31,017 | (1,524) |
| Interest | 260 | 260 | 280 | 20 |
| Other | 0 | 0 | 13 | 13 |
| Total Receipts | <u>50,149</u> | <u>50,149</u> | <u>51,190</u> | <u>1,041</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 45,935 | 45,935 | 34,356 | 11,579 |
| Public Works | 5,500 | 5,500 | 2,402 | 3,098 |
| Health | 5,700 | 5,700 | 5,262 | 438 |
| Capital Outlay | 500 | 31,760 | 31,760 | 0 |
| Total Disbursements | <u>57,635</u> | <u>88,895</u> | <u>73,780</u> | <u>15,115</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(7,486)</u> | <u>(38,746)</u> | <u>(22,590)</u> | <u>16,156</u> |
| Other Financing Sources | | | | |
| Sale of Notes | 0 | 31,260 | 31,260 | 0 |
| Transfers Out | (13,934) | (13,934) | (13,934) | 0 |
| Other Financing Sources | 0 | 0 | 2,158 | 2,158 |
| Other Financing Uses | (839) | (839) | 0 | 839 |
| Total Other Financing Sources (Uses) | <u>(14,773)</u> | <u>16,487</u> | <u>19,484</u> | <u>2,997</u> |
| Net Change in Fund Balance | (22,259) | (22,259) | (3,106) | 19,153 |
| Fund Balance Beginning of Year | <u>22,260</u> | <u>22,260</u> | <u>22,260</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$ 1</u> | <u>\$ 1</u> | <u>\$ 19,154</u> | <u>\$ 19,153</u> |

See accompanying notes to the basic financial statements.

Center Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | | Variance with |
|--------------------------------|-------------------------|--------------------|-------------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Final Budget Positive (Negative) |
| Receipts | | | | |
| Intergovernmental | \$ 62,174 | \$ 62,174 | \$ 72,407 | \$ 10,233 |
| Interest | 70 | 70 | 86 | 16 |
| Other | 0 | 0 | 95 | 95 |
| Total Receipts | <u>62,244</u> | <u>62,244</u> | <u>72,588</u> | <u>10,344</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | <u>98,032</u> | <u>98,032</u> | <u>80,543</u> | <u>17,489</u> |
| Total Disbursements | <u>98,032</u> | <u>98,032</u> | <u>80,543</u> | <u>17,489</u> |
| Net Change in Fund Balance | (35,788) | (35,788) | (7,955) | 27,833 |
| Fund Balance Beginning of Year | <u>35,789</u> | <u>35,789</u> | <u>35,789</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$ 1</u></u> | <u><u>\$ 1</u></u> | <u><u>\$ 27,834</u></u> | <u><u>\$ 27,833</u></u> |

See accompanying notes to the basic financial statements.

Center Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------|-------------------------|-------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 58,930 | \$ 58,930 | \$ 67,240 | \$ 8,310 |
| Intergovernmental | 40,109 | 40,109 | 49,232 | 9,123 |
| Charges for Services | 0 | 0 | 1,188 | 1,188 |
| Total Receipts | <u>99,039</u> | <u>99,039</u> | <u>117,660</u> | <u>18,621</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | <u>132,115</u> | <u>132,115</u> | <u>123,436</u> | <u>8,679</u> |
| Total Disbursements | <u>132,115</u> | <u>132,115</u> | <u>123,436</u> | <u>8,679</u> |
| Net Change in Fund Balance | (33,076) | (33,076) | (5,776) | 27,300 |
| Fund Balance Beginning of Year | <u>33,076</u> | <u>33,076</u> | <u>33,076</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$ 27,300</u></u> | <u><u>\$ 27,300</u></u> |

See accompanying notes to the basic financial statements.

Center Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Garbage and Waste Fund
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | | Variance with |
|---|-------------------------|------------------------|-------------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Final Budget Positive (Negative) |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 16,904 | \$ 16,904 | \$ 22,013 | \$ 5,109 |
| Intergovernmental | 2,617 | 2,617 | 1,601 | (1,016) |
| Other | 2,598 | 2,598 | 0 | (2,598) |
| Total Receipts | <u>22,119</u> | <u>22,119</u> | <u>23,614</u> | <u>1,495</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | <u>18,852</u> | <u>18,852</u> | <u>9,707</u> | <u>9,145</u> |
| Total Disbursements | <u>18,852</u> | <u>18,852</u> | <u>9,707</u> | <u>9,145</u> |
| Excess of Receipts Over (Under) Disbursements | 3,267 | 3,267 | 13,907 | 10,640 |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | <u>(2,598)</u> | <u>(2,598)</u> | <u>(2,598)</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>(2,598)</u> | <u>(2,598)</u> | <u>(2,598)</u> | <u>0</u> |
| Net Change in Fund Balance | 669 | 669 | 11,309 | 10,640 |
| Fund Balance Beginning of Year | <u>1,930</u> | <u>1,930</u> | <u>1,930</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$ 2,599</u></u> | <u><u>\$ 2,599</u></u> | <u><u>\$ 13,239</u></u> | <u><u>\$ 10,640</u></u> |

See accompanying notes to the basic financial statements.

Center Township, Guernsey County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
State FEMA Fund
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------|-------------------------|-------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Intergovernmental | \$ 44,511 | \$ 44,511 | \$ 46,291 | \$ 1,780 |
| Total Receipts | <u>44,511</u> | <u>44,511</u> | <u>46,291</u> | <u>1,780</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | <u>59,842</u> | <u>59,842</u> | <u>57,469</u> | <u>2,373</u> |
| Total Disbursements | <u>59,842</u> | <u>59,842</u> | <u>57,469</u> | <u>2,373</u> |
| Net Change in Fund Balance | (15,331) | (15,331) | (11,178) | 4,153 |
| Fund Balance Beginning of Year | <u>15,331</u> | <u>15,331</u> | <u>15,331</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$ 4,153</u></u> | <u><u>\$ 4,153</u></u> |

See accompanying notes to the basic financial statements.

CENTER TOWNSHIP, GUERNSEY COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 1 – Reporting Entity

Center Township, Guernsey County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Clerk/Fiscal Officer.

The reporting entity is comprised of the primary governments, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Lore City Volunteer and Old Washington Volunteer Fire Departments for fire protection. Police protection is provided by the Guernsey County Sheriff Department.

B. Component Units

Component units are legally separate organizations for which a Township is financially accountable. A Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board, and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. A Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statements of net assets and the statements of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statements of net assets present the cash balance of the governmental activities of the Township at year end. The statements of activities compare disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

The Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of government fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Note 2 - Summary of Significant Accounting Policies - continued

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds.

General Fund

The Township's only required major governmental fund is the General Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose. The Township had the following major funds in addition to the General Fund as mentioned above.

Gasoline Tax Fund – This fund receives gasoline tax money. Funds are restricted to the purpose of road maintenance provided it is expended according to the general laws of Ohio.

Road and Bridge Funds – This fund receives property tax money. Funds are restricted to the purpose of road maintenance provided it is expended according to the general laws of Ohio.

Garbage Special Levy Fund – The fund receives levy money. Fund balance is available to the Township for the purpose of trash removal and fees associated with Township trash removal. This fund is restricted and available to the Township for any purpose relating to the Township's trash removal.

Dust Control Special Levy Fund (2006) – The fund receives levy money. Fund balance is available to the Township for the purpose of dust control and maintenance provided it is expended according to the general laws of Ohio.

Note 2 - Summary of Significant Accounting Policies - continued

State FEMA Funds (2005) – This fund is funded with grants of FEMA money from the State of Ohio Emergency Management Agency for emergency road and bridge repairs as set forth in guidelines of the Federal Emergency Management Agency.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources, certified by the County Budget Commission, establishes a limit on the amount the Township may appropriate.

The appropriations ordinance, certified by the County Auditor, is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for the fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Note 2 - Summary of Significant Accounting Policies - continued

E. Cash and Investments

To improve cash management, cash received by the Township is pooled. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. The Township had no investments.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credit to the General Fund was \$472 during 2006 and \$280 during 2005.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent monies from levies voted by the residents of the Township and laws or other legislation.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for inter-fund loans. These items are not reflected as assets or liabilities in the accompanying financial statements.

Note 2 - Summary of Significant Accounting Policies - continued

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road maintenance, fire protection, garbage removal, and capital projects.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

Note 2 - Summary of Significant Accounting Policies - continued

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

During 2004 the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. Effective January 1, 2005, the Township has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

Also as described in Note 2, the Township has not elected to report inventory, prepaid items, inter-fund receivable (payable), capital assets, and long-term debt as part of the cash basis of accounting. The transition from the regulatory basis of accounting to the cash basis of accounting generated no changes to fund balance/or net assets as previously reported at December 31, 2004.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and the following major special revenue funds. Gasoline Tax Fund, Road and Bridge Fund, Garbage Special Levy Fund, Dust Control Special Levy Fund (2006), and FEMA Fund (2005) are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 5 – Equity in Pooled Cash

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

| | <u>2006</u> | <u>2005</u> |
|-----------------|--------------------------|--------------------------|
| Demand deposits | <u>\$ 124,101</u> | <u>\$ 107,731</u> |
| Total | <u><u>\$ 124,101</u></u> | <u><u>\$ 107,731</u></u> |

Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution’s public entity deposit pool. Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions.

Note 6 – Property Tax

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in a year represent the collection of the prior year’s taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in a year represent the collection of the prior year’s taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in a year (other than public utility property) represent the collection of that year’s taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. During 2006 tangible personal property was currently assessed at 18.75% of true value for capital assets and inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is April 30, with the remainder payable by September 20.

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

Note 7 - Debt

On January 7, 2005 the Township borrowed \$31,260 on a commercial loan with the Farmers and Merchants Bank. The debt was used to finance the purchase of a dump truck. The note was collateralized solely by the Township's tax authority. The loan carried an interest rate of 3.75%. The balance due on the loan as of December 31, 2005 was \$11,416. The loan was paid off during 2006.

Note 8 – Risk Management

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio townships. OTARMA provides property and casualty insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500 million per occurrence.

Note 8 – Risk Management - continued

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA'S primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective Township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

| <u>Casualty Coverage</u> | <u>2006</u> | <u>2005</u> |
|------------------------------|----------------------|----------------------|
| Assets | \$ 32,031,312 | \$ 30,485,638 |
| Liabilities | <u>(11,443,952)</u> | <u>(12,344,576)</u> |
| Retained Earnings | <u>\$ 20,587,360</u> | <u>\$ 18,141,062</u> |
| <u>Property Coverage</u> | | |
| Assets | \$ 10,010,963 | \$ 9,177,796 |
| Liabilities | <u>(676,709)</u> | <u>(1,406,031)</u> |
| Retained Earnings | <u>\$ 9,334,254</u> | <u>\$ 7,771,765</u> |

Workers' Compensation Insurance

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is variable based on accident history and administrative costs.

Note 9 – Retirement Plan

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members were required to contribute 9.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 9.2 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2005, the members were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 9.55 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 2006, 2005, and 2004 were \$5,154, \$5,628, and \$6,044 respectively. The full amount has been contributed for 2006, 2005 and 2004.

Note 10 – Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefits as described in *GASB Statements No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care. The 2005 local government employee contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Note 10 – Postemployment Benefits - continued

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 and 2005 which were used to fund post-employment benefits were \$2,521 and \$2,357 respectively. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates will be increased over a five year period, which will allow additional funds to be allocated to the health care plan.

Note 11 – Fund Transfers

During 2006 and 2005, the following transfers were made:

Transfers to the Debt Service Fund from:

| | <u>2006</u> | <u>2005</u> |
|--------------------------------------|-----------------|------------------|
| General Fund | \$0 | \$ 13,934 |
| Garbage Special Levy Fund | <u>4,262</u> | <u>2,599</u> |
| Total Transfers to Debt Service Fund | <u>\$ 4,262</u> | <u>\$ 16,533</u> |

The transfers were made to make payments on debt.

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustments by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards***

Center Township
Guernsey County, Ohio
64697 Slade Road
Cambridge, Ohio 43725

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Center Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated January 11, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting. See findings 2006-1 and 2006-2.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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 grant agreements, 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2006-2 and 2006-3.

The Township's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, and the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Tucker & Tucker

Cambridge, Ohio
January 11, 2008

CENTER TOWNSHIP, GUERNSEY COUNTY
Schedule of Findings
December 31, 2006 and 2005

Finding Number 2006-1 – Failure to Post Debt Proceeds

Significant Deficiency

Statement of Condition: Ohio Revised Code Section 5705.41 (B) states that no Township shall make any expenditure of money unless it has been appropriated. Ohio Revised Code Section 5705.41 (C) states that no Township shall make an expenditure of money except by a proper warrant drawn against an appropriate fund. The Township borrowed \$31,260 in equipment acquisition notes during 2005 for the purpose of purchasing a truck. The check issued by the bank for the proceeds of the notes was made payable directly to the vendor. The Township's records reflected neither the proceeds of the notes as revenue nor the purchase of the equipment as an expenditure. As a result, receipts and disbursements were understated in 2005. Adjustments with which Township management agrees have been made to the 2005 financial statements to properly reflect the note proceeds and capital outlay expenditure.

Recommendation: We recommend that the Township properly recognize the revenue and expenditures associated with debt issuance and equipment purchases to maintain compliance with Ohio Revised Code Sections 5705.41 (B) and 5705.41 (C).

Response: We agree with the Auditor's recommendation and will properly record future debt issuance transactions.

Finding Number 2006-2 – Posting of Estimated Resources

Significant Deficiency and Compliance Finding

Statement of Condition: Ohio Revised Code Section 5705.36 states that upon a determination by the fiscal officer of a township that the revenue to be collected by the township will be greater or less than the amount included in an official certificate, the fiscal officer may certify the amount of the deficiency or excess to the Board of Trustees, and if the Board of Trustees determines that the fiscal officer's certification is reasonable, the Board of Trustees shall certify an amended official certificate reflecting the deficiency or excess. During 2005, there were several amended certificates of estimated resources. Not all of the amendments were reflected in the budget amounts on the Revenue Summary report. Therefore, the Township financial information does not always reflect the actions of the Board of Trustees.

CENTER TOWNSHIP, GUERNSEY COUNTY
Schedule of Findings
December 31, 2006 and 2005

Finding Number 2006-2 – Posting of Estimated Resources – continued

Recommendation: We recommend that the Township financial information be updated for all amended certificates of estimated resources as called for by the provisions of Ohio Revised Code Section 5705.36.

Response: We agree with the Auditor’s recommendation and will properly update the Township financial information when necessary.

Compliance Finding

Finding Number 2006-3 – Appropriations in Excess of Available Funds

Statement of Condition: Ohio Revised Code Section 5705.36 (A) provides that total appropriations and disbursements shall not exceed the amount of estimated revenue including the carryover cash balance at the beginning of the year.

During 2005, the appropriations in the General Fund exceed estimated revenue plus carryover by \$892.00.

Recommendation: We recommend that the Township modify amounts available for appropriations before they are exceeded.

Response: We agree with the Auditor’s recommendation. We will closely monitor estimated revenue and appropriation amounts and will amend estimated revenue amounts as necessary.

CENTER TOWNSHIP, GUERNSEY COUNTY
Schedule of Prior Audit Findings
December 31, 2006 and 2005

Finding Number 2004-01

Finding Summary – There were no written Township policies and procedures.

Finding Status – Corrected.

Finding Number 2004-02

Finding Summary – Appropriations exceeded available revenue.

Finding Status – Reissued as current period finding Number 2006-3.



Mary Taylor, CPA
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
APRIL 3, 2008**