



**CENTER TOWNSHIP
NOBLE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CENTER TOWNSHIP
NOBLE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Center Township
Noble County
49223 SR 147
Sarahsville, Ohio 43779

To the Board of Trustees:

We have audited the accompanying financial statements of Center Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Center Township, Noble County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 17, 2001

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**CENTER TOWNSHIP
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$4,013	\$24,170	\$	\$28,183
Intergovernmental	21,098	62,781	4,950	88,829
Earnings on Investments	1,181	619		1,800
Other Revenue		2,549		2,549
	<u>26,292</u>	<u>90,119</u>	<u>4,950</u>	<u>121,361</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	15,718			15,718
Public Safety		1,403		1,403
Public Works	2,209	75,784		77,993
Health		5,510		5,510
Capital Outlay		16,280		16,280
Note Principal Payment		4,500	4,444	8,944
Interest and Fiscal Charges		1,057	1,568	2,625
	<u>17,927</u>	<u>104,534</u>	<u>6,012</u>	<u>128,473</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>8,365</u>	<u>(14,415)</u>	<u>(1,062)</u>	<u>(7,112)</u>
Other Financing Receipts/(Disbursements):				
Proceeds of Notes		16,000		16,000
		<u>16,000</u>		<u>16,000</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	8,365	1,585	(1,062)	8,888
Fund Cash Balances, January 1	<u>65</u>	<u>53,218</u>	<u>6,983</u>	<u>60,266</u>
Fund Cash Balances, December 31	<u>\$8,430</u>	<u>\$54,803</u>	<u>\$5,921</u>	<u>\$69,154</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$300</u>	<u>\$4,774</u>	<u>\$5,074</u>

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

**CENTER TOWNSHIP
NOBLE COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$3,761	\$22,217	\$	\$25,978
Intergovernmental	7,360	58,760	8,792	74,912
Earnings on Investments	641	776	37	1,454
Other Revenue		8,940		8,940
		<u>8,940</u>		<u>8,940</u>
 Total Cash Receipts	 <u>11,762</u>	 <u>90,693</u>	 <u>8,829</u>	 <u>111,284</u>
Cash Disbursements:				
Current:				
General Government	14,318			14,318
Public Safety		1,728		1,728
Public Works	1,924	79,989		81,913
Health		3,547		3,547
Capital Outlay		12,428		12,428
Note Principal Payment			5,884	5,884
Interest and Fiscal Charges			2,289	2,289
			<u>2,289</u>	<u>2,289</u>
 Total Cash Disbursements	 <u>16,242</u>	 <u>97,692</u>	 <u>8,173</u>	 <u>122,107</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 <u>(4,480)</u>	 <u>(6,999)</u>	 <u>656</u>	 <u>(10,823)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes		12,000		12,000
Transfers-In		6,596		6,596
Transfers-Out		(6,596)		(6,596)
Other Sources	536	550		1,086
		<u>550</u>		<u>1,086</u>
 Total Other Financing Receipts/(Disbursements)	 <u>536</u>	 <u>12,550</u>		 <u>13,086</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 <u>(3,944)</u>	 <u>5,551</u>	 <u>656</u>	 <u>2,263</u>
 Fund Cash Balances, January 1	 <u>4,009</u>	 <u>47,667</u>	 <u>6,327</u>	 <u>58,003</u>
 Fund Cash Balances, December 31	 <u>\$65</u>	 <u>\$53,218</u>	 <u>\$6,983</u>	 <u>\$60,266</u>
 Reserve for Encumbrances, December 31	 <u>\$0</u>	 <u>\$0</u>	 <u>\$4,859</u>	 <u>\$4,859</u>

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

**CENTER TOWNSHIP
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Center Township, Noble 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, fire protection, and emergency management service. The Township contracts with the Belle Valley Volunteer Fire Department for fire protection 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

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

**CENTER TOWNSHIP
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Building, Grader and Truck Note - This fund was established to service the debt incurred from the construction of a Township building, the repair of a grader, and the purchase of a truck.

D. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

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

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

E. Property, Plant and Equipment

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

**CENTER TOWNSHIP
NOBLE COUNTY**

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

2. EQUITY IN POOLED CASH

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

	2000	1999
Demand Deposits	\$69,154	\$60,266

Deposits: Deposits were insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$25,323	\$26,292	\$969
Special Revenue	101,431	106,119	4,688
Debt Service	7,260	4,950	(2,310)
Total	\$134,014	\$137,361	\$3,347

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$14,077	\$16,381	(\$2,304)
Special Revenue	124,365	106,380	17,985
Debt Service	14,104	10,786	3,318
Total	\$152,546	\$133,547	\$18,999

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$12,054	\$12,298	\$244
Special Revenue	99,586	109,839	10,253
Debt Service	7,160	8,829	1,669
Total	\$118,800	\$130,966	\$12,166

**CENTER TOWNSHIP
NOBLE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$15,087	\$14,875	\$212
Special Revenue	104,225	105,655	(1,430)
Debt Service	13,487	13,032	455
Total	\$132,799	\$133,562	(\$763)

Contrary to Ohio law, during 2000, the General Fund, Road and Bridge Fund, and Cemetery Fund expenditures exceeded appropriations by \$2,304, \$8,829, and \$546, respectively. During 1999, the Road and Bridge Fund and FEMA Fund expenditures exceeded appropriations by \$6,482 and \$7,927, respectively.

4. PROPERTY TAX

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

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Grader Repair Loan	\$7,500	6%
Truck Loan	16,000	7%
Building Loan	17,778	7%
Total	\$41,278	

The Grader Repair Loan was issued in June 1999 to repair the Township's existing grader. The Truck Loan was issued in June 2000 to purchase a 1997 Chevrolet Pickup Truck. The Building Loan was issued in January 1995 for the construction of a Township Hall. The notes are collateralized solely by the Township's taxing authority.

**CENTER TOWNSHIP
NOBLE COUNTY**

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

5. DEBT (Continued)

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

Year ending December 31:	General Obligation Notes
2000	\$11,487
2001	8,923
2002	8,465
2003	9,771
2004	8,958
Subsequent	<u>15,952</u>
Total	<u><u>\$63,556</u></u>

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% and 13.55% for 2000 and 1999, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Township also provides health insurance coverage to officials 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
Noble County
49223 S.R. 147
Sarahsville, Ohio 43779

To the Board of Trustees:

We have audited the accompanying financial statements of Center Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 17, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed certain instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-41060-001 and 2000-41060-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 17, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 17, 2001.

Center Township
Noble County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 17, 2001

**CENTER TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2000-41060-001
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Finding for Adjustment

Ohio Rev. Code § 505.24 requires Trustee's salaries to be paid from the General Fund or from other Township funds in such proportions as the Board specifies by resolution. The resolution should allocate the salaries based on the types of services provided by the Trustees.

During both 2000 and 1999, the salaries of the Trustees were charged entirely to the Gasoline Tax Fund. A resolution had not been adopted by the Board specifying how Trustee salaries would be allocated. However, activities of an administrative nature, such as monthly meetings, should be charged to the General Fund. On May 31, 2001, the Board of Trustees adopted a retroactive resolution authorizing 3% of each Trustee's salary to be charged to the General Fund for 1999 and 2000.

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the General Fund, in favor of the Gasoline Tax Fund, in the amount of \$1,239. The adjustment, representing 3% of each Trustee's salary and fringe benefits, has been agreed to by management of the Township and is reflected in the accompanying financial statements.

Finding Number	2000-41060-002
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Noncompliance Citation

Ohio Rev. Code § 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been lawfully appropriated.

During 2000, the General Fund, Road and Bridge Fund, and Cemetery Fund expenditures exceeded appropriations by \$2,304, \$8,829, and \$546, respectively. During 1999, the Road and Bridge Fund and FEMA Fund expenditures exceeded appropriations by \$6,482 and \$7,927, respectively.

We recommend the Township officials review the appropriation balances each month and approve appropriation amendments as needed, prior to expending funds in excess of existing appropriations.



STATE OF OHIO
OFFICE OF THE AUDITOR

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CENTER TOWNSHIP

NOBLE 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
AUGUST 28, 2001**