

***CENTER TOWNSHIP
MONROE COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Center Township
459 Moose Ridge Road
Woodsfield, Ohio 43793

We have reviewed the *Report of Independent Accountants* of Center Township, Monroe County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2003 through December 31, 2004. 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.

Finding for Adjustment:

Ohio Rev. Code Section 5705.10 (H) states that money paid into any fund may only be used for the purpose for which such fund is established. During 2003, the Township posted monies received for the Road Improvement Levy Fund to the General Fund. The amount received was \$42,853; however, \$12,023 in disbursements from the General Fund would have been allowable from the Road Improvement Levy Fund. Of the remaining \$30,830, the Township has posted a correcting entry for \$22,970 subsequent to the date of the *Report of Independent Accountants*. This results in \$7,860 due to the Road Improvement Levy Fund.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Adjustment for money illegally expended is hereby issued against the General Fund in the amount of \$7,860, in favor of Road Improvement Levy Fund.

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

Board of Trustees
Center Township
459 Moose Ridge Road
Woodsfield, Ohio 43793
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Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Center Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 17, 2007

**CENTER TOWNSHIP
MONROE COUNTY
For the Years Ending December 31, 2004 and 2003**

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees
Center Township, Monroe County
Woodsfield, Ohio

We have audited the accompanying financial statements of Center Township, Monroe County, Ohio as and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

For the year ended December 31, 2003, the Township posted monies received from the Road Improvement Levy to the General Fund and related disbursements. The amount received was \$42,853 and the amount disbursed was \$12,023. Ohio Rev. Code § 5705.10 requires all revenue derived from a specific source to be credited to a special fund for the purpose for which the monies were received and requires that money paid out of any fund shall be used only for the purposes for which such fund is established. Had proper receipts and expenditures been credited to the Road Improvement Levy Fund, the cash balance in the General fund would decrease by \$30,830 to a deficit of \$7,031 and the Special Revenue Fund Type would have increased to \$115,909 as of December 31, 2003. The General Fund cash balance at December 31, 2004 would have decreased to \$11,047 and the Special Revenue Fund Type would have increased to \$174,909.

For the years ended December 31, 2002 and 2001, the Township expended \$5,851 from the Fire Levy to pay Trustees salaries. A finding for adjustment was issued for \$5,851 in favor of the Fire Levy Fund and against the General Fund. As of December 31, 2004, this adjustment had not been made by the Township.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matters discussed in the preceding three paragraphs, the financial statements referred to above for the year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, except for the matters referred to above, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Center Township, Monroe County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2006, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

June 1, 2006

CENTER TOWNSHIP
MONROE COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Governmental Fund Types</u>				<u>Totals - (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Receipts:					
Property Taxes and Other Local Taxes	\$ 15,227	\$ 152,337	-	-	\$ 167,564
Licenses, Permits, and Fines	4,500	-	-	-	4,500
Charges for Services	-	4,541	-	-	4,541
Intergovernmental	34,579	377,988	-	\$ 14,467	427,034
Interest	217	302	-	-	519
Other	138	6,280	-	2,500	8,918
Total Receipts	<u>54,661</u>	<u>541,448</u>	<u>-</u>	<u>16,967</u>	<u>613,076</u>
Disbursements:					
General Government	35,674	6,015	-	-	41,689
Security of Persons & Property	-	156,859	-	-	156,859
Recreation	2,689	30,108	-	-	32,797
Health	996	-	-	-	996
Public Works	-	257,430	-	-	257,430
Capital Outlay	-	22,722	-	52,581	75,303
Total Disbursements	<u>39,359</u>	<u>473,134</u>	<u>-</u>	<u>52,581</u>	<u>565,074</u>
Receipts over(under) disbursements	15,302	68,314	-	(35,614)	48,002
Other Financing Sources (Uses)					
Sale of Fixed Assets	-	-	-	25,220	25,220
Transfers-In	2,960	17,195	-	6,898	27,053
Transfers-Out	(184)	(26,869)	-	-	(27,053)
Total Other Financing Sources (Uses)	<u>2,776</u>	<u>(9,674)</u>	<u>-</u>	<u>32,118</u>	<u>25,220</u>
Total Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	18,078	58,640	-	(3,496)	73,222
Fund Balance 1/1/2004	<u>23,799</u>	<u>85,079</u>	<u>268</u>	<u>11,677</u>	<u>120,823</u>
Fund Balance 12/31/2004	<u>\$ 41,877</u>	<u>\$ 143,719</u>	<u>\$ 268</u>	<u>\$ 8,181</u>	<u>\$ 194,045</u>

See accompanying Notes to the Financial Statements.

CENTER TOWNSHIP
MONROE COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Governmental Fund Types</u>				<u>Totals - (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Receipts:					
Property Taxes and Other Local Taxes	\$ 57,521	\$ 95,122	-	-	\$ 152,643
Intergovernmental	20,785	118,125	\$ 14,176	-	153,086
Interest	204	204	-	-	408
Other	779	5,661	-	-	6,440
Total Receipts	<u>79,289</u>	<u>219,112</u>	<u>14,176</u>	<u>-</u>	<u>312,577</u>
Disbursements:					
General Government	43,236	27	-	-	43,263
Security of Persons & Property	90	75,072	-	-	75,162
Public Health Services	325	-	-	-	325
Public Works	12,023	148,937	-	-	160,960
Capital Outlay	-	15,107	-	-	15,107
Debt Service					
Principal	-	-	13,110	-	13,110
Interest	-	-	830	-	830
Total Disbursements	<u>55,674</u>	<u>239,143</u>	<u>13,940</u>	<u>-</u>	<u>308,757</u>
Receipts over(under) disbursements	23,615	(20,031)	236	-	3,820
Other Financing Uses					
Sale of Fixed Assets	-	-	-	\$ 11,677	11,677
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,677</u>	<u>11,677</u>
Total Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>23,615</u>	<u>(20,031)</u>	<u>236</u>	<u>11,677</u>	<u>15,497</u>
Fund Balance 1/1/2003	<u>184</u>	<u>105,110</u>	<u>32</u>	<u>-</u>	<u>105,326</u>
Fund Balance 12/31/2003	<u>\$ 23,799</u>	<u>\$ 85,079</u>	<u>\$ 268</u>	<u>\$ 11,677</u>	<u>\$ 120,823</u>

See accompanying Notes to the Financial Statements.

**CENTER TOWNSHIP
MONROE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Center Township, Monroe County (the Township) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by three publicly-elected Trustees. The Township provides general governmental services, road and bridge maintenance and fire protection services. The Township contracts with the Village of Woodsfield to provide fire protection services.

The Township's management believes these financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Township prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis 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.)

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

C. CASH

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts and accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**CENTER TOWNSHIP
MONROE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. FUND ACCOUNTING – (Continued)

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

- Gasoline Tax Fund – This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.
- Fire District Fund – This fund receives property tax money for fire protection services.
- Road Improvement Levy Fund – This fund receives property tax money for road improvements and dust control.

Capital Projects Fund: This fund is used to account for proceeds that are restricted for the acquisition or construction of capital assets. The Township had the following capital projects fund:

- Capital Improvement Fund – This fund receives monies for the acquisition of capital assets for the Township.

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the county budget commission and sent to the Township Clerk by September 1.

**CENTER TOWNSHIP
MONROE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. BUDGETARY PROCESS – (Continued)

1. Estimated Resources – (Continued)

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or the Clerk identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2003 and 2004. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. Encumbrances

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

**CENTER TOWNSHIP
MONROE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2003</u>	<u>2004</u>
Demand deposits	<u>\$ 120,823</u>	<u>\$ 194,045</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool (3) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAX

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2001.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. 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 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

**CENTER TOWNSHIP
MONROE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

3. PROPERTY TAX – (Continued)

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

The property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax.

The Monroe County Treasurer collects property tax on behalf of all taxing Townships within the county. The Monroe County Auditor periodically remits to the taxing Township their portions of the taxes collected.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

<u>2004 Budgeted vs Actual Receipts</u>			
<u>Fund</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 35,851	\$ 57,621	\$ 21,770
Special Revenue Funds	414,915	558,643	143,728
Capital Projects	3,440	49,085	45,645

<u>2004 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$ 36,670	\$ 39,543	\$ (2,873)
Special Revenue Funds	522,965	500,003	22,962
Capital Projects	15,117	52,581	(37,464)

<u>2003 Budgeted vs Actual Receipts</u>			
<u>Fund</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 81,689	\$ 79,289	\$ (2,400)
Special Revenue	213,304	219,112	5,808
Debt Service	16,000	14,176	(1,824)
Capital Projects	11,677	11,677	-0-

**CENTER TOWNSHIP
MONROE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003**

4. BUDGETARY ACTIVITY – (Continued)

2003 Budgeted vs Actual Budgetary Basis Expenditures

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$ 95,922	\$ 55,674	\$ 40,248
Special Revenue	249,143	239,143	10,000
Debt Service	-0-	13,940	(13,940)
Capital Projects	11,677	-0-	11,677

5. RETIREMENT SYSTEM

The Township's officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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.

The Ohio Revised Code provides statutory authority for employee and employer contributions. OPERS participants contributed 8.5% of their wages. The Township contributed an amount equal to 13.55% of their wages. The Township has paid all contributions required through December 31, 2004.

6. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

7. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

8. INTERFUND TRANSFERS

The Township transferred receipts collected in the Special Revenue FEMA funds to the General, Motor Vehicle License Tax and Gasoline Tax funds. These funds met all applicable requirements of the FEMA grant agreement, but the Township did not comply with Ohio Rev. Code section 5705.14 related to Board approval of transfers.

CENTER TOWNSHIP
MONROE COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

9. BUDGETARY NONCOMPLIANCE

The Township had the following citations for budgetary noncompliance:

- Contrary to **Ohio Rev. Code Section 5705.39**, the Township had appropriations which exceeded estimated resources.
- Contrary to **Ohio Rev. Code Section 5705.41(B)**, the Township had expenditures which exceeded appropriations at the legal level of control.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Center Township
Monroe County
459 Moose Ridge Road
Woodsfield, Ohio 43793

We have audited the accompanying financial statements of the Center Township, Monroe County, Ohio (the "Township") as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 1, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 1, 2006.

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, grant agreements and other matters noncompliance with which could have a direct and material affect 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 an opinion. The results of our tests disclosed several instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2004-CTMC-001 through 2004-CTMC-004.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 1, 2006.

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

Charles E. Harris and Associates, Inc.

June 1, 2006

**CENTER TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE GAGAS

FINDING NUMBER 2004-CTMC-001

Noncompliance Citation

Ohio Rev. Code § 5705.10 requires all revenue derived from a specific source to be credited to a special fund for the purpose for which the monies were received and requires that money paid out of any fund shall be used only for the purposes for which such fund is established.

During 2003, the Township posted monies received from the Road Improvement Levy to the General Fund and related disbursements.

The amount received was \$42,853 and the amount disbursed was \$12,023. The financial statements have not been adjusted.

We recommend the Clerk exercise care when posting receipts and expenditures to funds and consult the Ohio Township Handbook for guidance in this area.

Management agrees but indicated that they do not have sufficient funds to transfer.

FINDING NUMBER 2004-CTMC-002

Noncompliance Citation

Ohio Rev. Code Section 5705.09 requires each subdivision to establish a special fund for each special levy.

A new levy was passed by voters of the Township in November 2002 for road improvements, including dust control; however, the Township did not establish the required fund to account for the proceeds of the levy until 2004. During 2003, both revenue and expenditure transactions were accounted for in the General Fund. The financial statements have not been adjusted to reflect the activity accounted for in the Road Improvement Levy Fund. The amount of receipts and disbursements are listed in Finding 2004-CTMC-001.

We recommend that the Township use the Road Improvement Levy Special Revenue Fund to account for the monies received from the special levy.

Management agrees but indicated that they do not have sufficient funds to transfer. The Township began using the proper fund in 2004.

**CENTER TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS – (Continued)
DECEMBER 31, 2004 AND 2003**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE GAGAS – (Continued)**

FINDING NUMBER 2004-CTMC-003

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.

The Township’s legal level of control is the at the object level. We noted the following funds had expenditures plus encumbrances that exceeded appropriations at the fund level at December 31, 2003 and 2004:

2003 Fund	Approved Appropriations	Budgetary Expenditures	Variance
Special Revenue Fund:			
Gasoline Tax	\$ 42,645	\$ 56,989	\$(14,344)
Debt Service Fund:			
Note Retirement	-0-	13,940	(13,940)

2004 Fund	Approved Appropriations	Budgetary Expenditures	Variance
General Fund	\$ 36,670	\$ 39,543	\$ (2,873)
Special Revenue Funds:			
Motor Vehicle License Tax	40,186	50,801	(10,615)
Gasoline Tax	54,802	62,946	(8,144)
Road and Bridge	30,350	52,948	(22,598)
Fire Levy Fund	153,270	156,859	(3,589)
Road District	55,639	64,469	(8,830)
Capital Projects Fund:			
Capital Improvement Fund	15,117	52,581	(37,464)

Since these funds were over appropriated at the fund level, the legal level of control violations were not disclosed. The Clerk should deny payment requests exceeding appropriations, as required by Ohio Rev. Code Section 5705.41(B). We recommend the Board and the Clerk compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, then the Board should take the necessary steps to adopt additional appropriations and record in the Board’s minutes, if possible, to prevent expenditures from exceeding appropriations.

The Clerk will more diligently monitor budgetary items in future.

**CENTER TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS – (Continued)
DECEMBER 31, 2004 AND 2003**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE GAGAS – (Continued)**

FINDING NUMBER 2004-CTMC-004

Noncompliance Citation

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund shall not exceed total estimated fund resources from each fund as certified by the county budget commission. This section also provides that no appropriation measure shall become effective until the Township obtains the County Auditor’s certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During the year-end December 31, 2003, total appropriations exceeded total estimated resources at year-end as follows:

Fund	Estimated Resources	Appropriations	Variance
General Fund	\$ 81,873	\$ 95,922	\$ (14,049)
Special Revenue funds:			
Motor Vehicle License Tax Fund	24,389	27,950	(3,561)
Road District	4,618	15,600	(10,982)

During the year-end December 31, 2004, total appropriations exceeded total estimated resources at year-end as follows:

Fund	Estimated Resources	Appropriations	Variance
Special Revenue Fund:			
Road District	\$ 32,669	\$ 55,639	\$ (22,970)

The Township Board should monitor appropriations versus estimated resources and modify as necessary to help avoid overspending.

The Clerk will more diligently monitor budgetary items in future.

CENTER TOWNSHIP
MONROE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
Finding Number 2002-001	Township paid a portion of Trustees from the Fire Levy Fund.	YES	The Township did not pay any Trustees salaries from the Fire Levy Fund.
Finding Number 2002-002	Township posted receipts and disbursements to improper fund.	NO	This is repeated as finding #1.
Finding Number 2002-003	Township paid a portion of Clerk's salary from Fire Levy fund.	YES	Clerk's Salary was not paid from the Fire Levy Fund.
Finding Number 2002-004	Township failed to establish a fund for a special levy passed by voters.	YES	Township created a fund for 2004.
Finding Number 2002-005	Contrary to Ohio Rev. Code 5705.41(B), the Township expended money that had not been appropriated.	NO	This is repeated as finding #3.
Finding Number 2002-006	Contrary to Ohio Rev. Code Section 5705.41(D), the Township did not certify all expenditures before incurring the obligation.	YES	Township properly certified all expenditures tested.
Finding Number 2002-007	The Township did not follow the Auditor of State Bulletin 97-003, while making an advance from the Gasoline Tax Fund to the General Fund.	YES	No advances.
Finding Number 2002-008	The Township did not always properly prepare disbursement vouchers.	YES	Disbursements tested were complete.
Finding Number 2002-009	Payroll register did not contain check numbers.	YES	Payroll registers contain check numbers.



Mary Taylor, CPA
Auditor of State

CENTER TOWNSHIP

MONROE 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
MAY 10, 2007**