

**CENTER TOWNSHIP  
MONROE COUNTY  
Regular Audit  
December 31, 2006 and 2005**





# Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Accountants' Report* of Center Township, Monroe County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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.

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

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

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

Mary Taylor, CPA  
Auditor of State

June 21, 2007

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**CENTER TOWNSHIP  
MONROE COUNTY**

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**INDEPENDENT ACCOUNTANTS' REPORT**

June 12, 2007

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

To the Board of Trustees:

We have audited the accompanying financial statements of **Center Township, Monroe County, Ohio**, (the Township) as of and for the years ended December 31, 2006 and 2005. 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 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately beginning in 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 fourth following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 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, 2006 and 2005 or their changes in financial position for the year then ended.

During the prior audit, it was noted in 2003 the Township improperly 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 of \$22,970 subsequent to the date of the prior audit Report of Independent Accountants. This results in \$7,860 still due to the Road Improvement Fund from the General Fund. Had this adjustment been posted to the Township's accounting system, the December 31, 2006 and 2005 General Fund cash balances would have decreased by \$7,860 and the December 31, 2006 and 2005 Special Revenue Fund Type cash balance would have been increased by \$7,860. As of December 31, 2006, this adjustment had not been made by the Township.

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, 2006, this adjustment had not been made by the Township.

Also, in our opinion, because of the effect of the misposting discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances of Center Township, Monroe County, as of December 31, 2006 and 2005, 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 years ended December 31, 2006 and 2005. The Government 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 June 12, 2007, 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 the 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.

Respectfully Submitted,

**Perry and Associates**  
Certified Public Accountants, A.C.

**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, 2006**

|  | <u>Governmental Fund Types</u> |                            |                         |                             | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts:</b>  |                                |                            |                         |                             |   |
| Local Taxes  | \$ 21,762                      | \$ 142,150                 | \$ -                    | \$ -                        | \$ 163,912                              |
| Intergovernmental  | 16,560                         | 141,864                    | -                       | -                           | 158,424                                 |
| Special Assessments  | 354                            | 3,322                      | -                       | -                           | 3,676                                   |
| Earnings on Investments  | 467                            | 320                        | -                       | 13                          | 800                                     |
| Miscellaneous  | -                              | 9,136                      | -                       | 350                         | 9,486                                   |
|  | <u>39,143</u>                  | <u>296,792</u>             | <u>-</u>                | <u>363</u>                  | <u>336,298</u>                          |
| <b>Cash Disbursements:</b>   |                                |                            |                         |                             |   |
| Current:   |                                |                            |                         |                             |   |
| General Government   | 38,958                         | 10,179                     | -                       | -                           | 49,137                                  |
| Public Safety  | -                              | 75,181                     | -                       | -                           | 75,181                                  |
| Public Works   | 727                            | 214,716                    | -                       | -                           | 215,443                                 |
| Human Services   | 3,785                          | -                          | -                       | -                           | 3,785                                   |
| Miscellaneous  | 3,714                          | -                          | -                       | -                           | 3,714                                   |
| Capital Outlay   | -                              | 9,600                      | -                       | 31,331                      | 40,931                                  |
|  | <u>47,184</u>                  | <u>309,676</u>             | <u>-</u>                | <u>31,331</u>               | <u>388,191</u>                          |
| Total Cash Receipts Over/(Under) Disbursements   | <u>(8,041)</u>                 | <u>(12,884)</u>            | <u>-</u>                | <u>(30,968)</u>             | <u>(51,893)</u>                         |
| <b>Other Financing Receipts and (Disbursements):</b>   |                                |                            |                         |                             |   |
| Other Sources  | 569                            | -                          | -                       | -                           | 569                                     |
|  | <u>569</u>                     | <u>-</u>                   | <u>-</u>                | <u>-</u>                    | <u>569</u>                              |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements<br>and Other Financing Disbursements | (7,472)                        | (12,884)                   | -                       | (30,968)                    | (51,324)                                |
| Fund Cash Balances, January 1  | <u>16,021</u>                  | <u>177,933</u>             | <u>268</u>              | <u>34,374</u>               | <u>228,596</u>                          |
| <b>Fund Cash Balances, December 31</b>   | <u><u>\$ 8,549</u></u>         | <u><u>\$ 165,049</u></u>   | <u><u>268</u></u>       | <u><u>\$ 3,406</u></u>      | <u><u>177,272</u></u>                   |

See accompanying notes to the basic 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, 2005**

|  | <u>Governmental Fund Types</u> |                            |                         |                             | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts:</b>  |                                |                            |                         |                             |   |
| Local Taxes  | \$ 18,392                      | \$ 145,018                 | \$ -                    | \$ -                        | \$ 163,410                              |
| Intergovernmental  | 23,310                         | 240,871                    | -                       | 8,443                       | 272,624                                 |
| Special Assessments  | 254                            | 2,338                      | -                       | -                           | 2,592                                   |
| Charges for Services   | -                              | 490                        | -                       | -                           | 490                                     |
| Earnings on Investments  | 382                            | 336                        | -                       | -                           | 718                                     |
| Miscellaneous  | 4,540                          | 8,911                      | -                       | 4,307                       | 17,758                                  |
| <b>Total Cash Receipts</b>   | <u>46,878</u>                  | <u>397,964</u>             | <u>-</u>                | <u>12,750</u>               | <u>457,592</u>                          |
| <b>Cash Disbursements:</b>   |                                |                            |                         |                             |   |
| Current:   |                                |                            |                         |                             |   |
| General Government   | 39,353                         | 21,928                     | -                       | -                           | 61,281                                  |
| Public Safety  | -                              | 79,536                     | -                       | -                           | 79,536                                  |
| Public Works   | 664                            | 272,948                    | -                       | -                           | 273,612                                 |
| Conservation/Recreation  | -                              | 7                          | -                       | -                           | 7                                       |
| Capital Outlay   | 10,786                         | 1,035                      | -                       | 8,534                       | 20,355                                  |
| <b>Total Cash Disbursements</b>  | <u>50,803</u>                  | <u>375,454</u>             | <u>-</u>                | <u>8,534</u>                | <u>434,791</u>                          |
| <b>Total Cash Receipts Over/(Under) Disbursements</b>  | <u>(3,925)</u>                 | <u>22,510</u>              | <u>-</u>                | <u>4,216</u>                | <u>22,801</u>                           |
| <b>Other Financing Receipts and (Disbursements):</b>   |                                |                            |                         |                             |   |
| Sale of Fixed Asset  | -                              | -                          | -                       | 11,750                      | 11,750                                  |
| Transfers-In   | 2,540                          | 13,686                     | -                       | 10,227                      | 26,453                                  |
| Transfers-Out  | -                              | (26,453)                   | -                       | -                           | (26,453)                                |
| Advances-In  | -                              | 9,989                      | -                       | -                           | 9,989                                   |
| Advances-Out   | (1,500)                        | (8,489)                    | -                       | -                           | (9,989)                                 |
| <b>Total Other Financing Receipts/(Disbursements)</b>  | <u>1,040</u>                   | <u>(11,267)</u>            | <u>-</u>                | <u>21,977</u>               | <u>11,750</u>                           |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements<br>and Other Financing Disbursements | (2,885)                        | 11,243                     | -                       | 26,193                      | 34,551                                  |
| Fund Cash Balances, January 1  | 18,906                         | 166,690                    | 268                     | 8,181                       | 194,045                                 |
| <b>Fund Cash Balances, December 31</b>   | <u><u>\$ 16,021</u></u>        | <u><u>\$ 177,933</u></u>   | <u><u>\$ 268</u></u>    | <u><u>\$ 34,374</u></u>     | <u><u>\$ 228,596</u></u>                |

See accompanying notes to the basic financial statements

**CENTER TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Center Township, Monroe 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. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection services. The Township contracts with the Township of Woodsfield to provide fire protection.

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. Cash and Investments**

All cash is maintained in a pooled checking account.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

**CENTER TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

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

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

Fire District Fund – This fund receives property tax money for fire protection services.

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Bond/Note Retirement Fund – This fund was established to service the debt incurred by the Township.

**4. 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 significant Capital Projects Fund:

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and 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.

**CENTER TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (continued)**

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2006 and 2005 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

Acquisition 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**

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

|                 |                   |                   |
|-----------------|-------------------|-------------------|
|                 | <u>2006</u>       | <u>2005</u>       |
| Demand Deposits | <u>\$ 177,272</u> | <u>\$ 228,596</u> |

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

**CENTER TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2006 and 2005 follows:

| 2006 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$ 33,651            | \$ 39,712          | \$ 6,061  |
| Special Revenue                   | 226,455              | 296,792            | 70,337    |
| Capital Projects                  | 8,000                | 363                | (7,637)   |
| Total                             | \$ 268,106           | \$ 336,867         | \$ 68,761 |

| 2006 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |            |
|---|----------------------------|---------------------------|------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
| General   | \$ 51,171                  | \$ 47,184                 | \$ 3,987   |
| Special Revenue                                       | 402,890                    | 309,676                   | 93,214     |
| Debt Service  | 268                        | -                         | 268        |
| Capital Projects                                      | 42,373                     | 31,331                    | 11,042     |
| Total   | \$ 496,702                 | \$ 388,191                | \$ 108,511 |

| 2005 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$ 37,970            | \$ 49,418          | \$ 11,448 |
| Special Revenue                   | 397,076              | 421,639            | 24,563    |
| Capital Projects                  | 18,227               | 34,727             | 16,500    |
| Total                             | \$ 453,273           | \$ 505,784         | \$ 52,511 |

| 2005 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$ 56,876                  | \$ 52,303                 | \$ 4,573  |
| Special Revenue                                       | 416,803                    | 410,396                   | 6,407     |
| Debt Service  | 286                        | -                         | 286       |
| Capital Projects                                      | 16,181                     | 8,534                     | 7,647     |
| Total   | \$ 490,146                 | \$ 471,233                | \$ 18,913 |

**CENTER TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio Rev. Code Section 5705.41 (D), the certification of availability of unencumbered appropriations for expenditure was not obtained for 71% of expenditures tested during 2006 and 81% of expenditures testing during 2005.

Contrary to Ohio Rev. Code section 5705.39, the Township had appropriations, which exceeded estimated resources in the General Fund during 2006.

**4. 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 reappraisal was completed for tax year 2004.

Real property taxes become a lien on January 1 preceding the October 1 date for which Board of Trustees adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**5. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, members of PERS contributed 9.00% and 8.5% of their gross salaries respectively. The Township contributed an amount equal to 13.70 and 13.85% of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

**CENTER TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**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. INTERFUND TRANSFERS**

The Township transferred receipts collected in the Special revenue FEMA funds to the General, Motor Vehicle License Tax, Gasoline tax, and Road and Bridge 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 relating to Board approval of transfers.

**8. RESTATEMENT OF BEGINNING FUND BALANCES / FUND ADJUSTMENTS**

During the prior audit period, 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 Fund. Of the remaining \$30,830, the Township had posted a correcting entry for \$22,970 subsequent to the date of the *Report of Independent Accountants* from the General Fund to the Road Improvement Fund, Special Revenue Fund Type. Thus, beginning fund balances for 2005 reflect these adjustments.

***Perry & Associates***  
Certified Public Accountants, A.C.

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

June 12, 2007

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

To the Board of Trustees:

We have audited the financial statements of **Center Township, Monroe County, Ohio** (the Township) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 12, 2007, 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 the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**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 audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of the 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 considered significant deficiencies or material weaknesses. However, as discussed below, we identified 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 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 the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.



### **Internal Control Over Financial Reporting (Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-03.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

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 material weaknesses. We believe the significant deficiencies described above are material weaknesses.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 instances of noncompliance or other matters that we must report under *Government Auditing Standard*, which are described in the accompanying schedule of findings as items 2006-004 through 2006-006.

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

Respectfully Submitted,

**Perry and Associates**  
Certified Public Accountants, A.C.

**CENTER TOWNSHIP  
MONROE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**FINDING NUMBER 2006-001**

**Significant Deficiency / Material Weakness**

**Posting Receipts**

Receipts should be posted to the fund and line item accounts as established by Ohio Administrative Code Section 117-7-01.

During 2005 and 2006, several receipts were not posted into accurate revenue classifications based on the source of the receipt. This resulted in several reclassification entries being made to the financial statements.

We recommend the Clerk refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Township Handbook for guidance to determine the proper establishment of receipt accounts and posting of receipts.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2006-002**

**Significant Deficiency / Material Weakness**

**Posting Estimated Revenues and Appropriations**

The Township did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Board of Trustees and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Township officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts which was not accurate. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as Certified by the County Budget Commission.

We recommend the Township implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

**Management's Response** – We did not receive a response from officials to this finding.

**CENTER TOWNSHIP  
MONROE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005**

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| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
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**FINDING NUMBER 2006-003**

**Significant Deficiency / Material Weakness**

**Advances**

In order to advance cash from one fund to another, Auditor of State Bulletin 97-003 suggests there must be statutory authority to use the money in the fund advancing the cash (the “creditor” fund) for the same purpose for which the fund receiving the cash (the “debtor” fund) was established. In addition, advances must be approved by a formal resolution of the taxing authority of the subdivision which must include: (1) a specific statement that the transaction is an advance of cash, and, (2) an indication of the money (fund) from which it is expected that repayment will be made.

To alleviate short-term cash flow problems, the Township advanced cash between the General Fund, Gasoline Tax and Road and Bridge Funds. The Township made three advances that were not approved in Resolution form by the taxing authority. The advance from the General Fund was not paid back as of the end of the audit period.

We recommend that the Township follow the guidance outlined in Auditor of State Bulletin 97-003 to initiate an advance. The Board should approve all advances. In addition, if the Township intent is to not repay the advance, the taxing authority should by Resolution turn the unpaid advance into a transfer.

**Management’s Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2006-004**

**Non-Compliance Citation**

**Ohio Rev. Code Section 5705.39** requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Township to obtain a 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 2006, total appropriations exceeded total estimated resources during the year in the General Fund.

We recommend the Township obtain a certificate from the County Auditor stating that the total appropriations do not exceed the total estimated resources whenever an amendment is made to the original appropriation measure.

**Management’s Response** – We did not receive a response from officials to this finding.

**CENTER TOWNSHIP  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
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**FINDING NUMBER 2006-005**

**Noncompliance Citation**

**Ohio Revised Code § 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**CENTER TOWNSHIP  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
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**Ohio Revised Code § 5705.41(D) (Continued)**

3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 71% and 81% of the expenditures tested during 2006 and 2005, respectively. In addition there was no evidence that the Township followed the aforementioned exceptions. Without these certifications, the management of the Township lost budgetary control over expenditures.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, “then and now” certification should be used.

**Management’s Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2006-006**

**Noncompliance Citation**

**Ohio Rev. Code Sections 5705.14, 5705.15, and 5705.16** state in part that money may be transferred from the General Fund to any other fund of the subdivision by resolution of the taxing authority. Except in the case of transfers from the general fund, transfers can be made only by resolution of the taxing authority passed with affirmative vote of two-thirds of the members and with the approval of the Board of Trustees.

The Township transferred monies from FEMA Funds to the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, and Miscellaneous Capital Projects Funds. Although the transfers were properly performed, they did not have approval from the Board of Trustees.

We recommend the Township Board approve all transfers. They may refer to Ohio Revised Code Section 5705.14 prior to making transfers and make transfers accordingly.

**Management’s Response** – We did not receive a response from officials to this finding.

**CENTER TOWNSHIP  
MONROE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005**

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| <b>SCHEDULE OF PRIOR AUDIT FINDINGS<br/>DECEMBER 31, 2006 AND 2005</b> |
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| Finding Number | Finding Summary   | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|---|
| 2004-001       | ORC Section 5705.10 – Revenue derived from a specific source to a specific fund must be used only for the purposes for which the fund is established.                               | Yes              |   |
| 2004-002       | ORC Section 5705.09 Requires each subdivision to establish a special fund for each special levy.  | Yes              |   |
| 2004-003       | ORC Section 5705.41(B) –Prohibits a subdivision or taxing authority from expending money unless it has been appropriated.   | Yes              |   |
| 2004-004       | ORC 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 | No               | Not Corrected, Repeated as finding 2006-04.   |



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  
JULY 3, 2007**