



Dave Yost • Auditor of State

**CENTER TOWNSHIP
COLUMBIANA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Center Township
Columbiana County
38241 Industrial Park Road
Lisbon, Ohio 44432

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Center Township, Columbiana County, (the Township) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Center Township, Columbiana County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

August 28, 2015

**CENTER TOWNSHIP
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$36,267	\$397,808	\$434,075
Licenses, Permits and Fees	17,564		17,564
Intergovernmental	37,754	109,133	146,887
Special Assessments		749	749
Earnings on Investments	125	27	152
Miscellaneous	15,565	46,574	62,139
<i>Total Cash Receipts</i>	<u>107,275</u>	<u>554,291</u>	<u>661,566</u>
Cash Disbursements			
Current:			
General Government	91,552	222,178	313,730
Public Safety	12,917		12,917
Public Works	79,165	413,663	492,828
<i>Total Cash Disbursements</i>	<u>183,634</u>	<u>635,841</u>	<u>819,475</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(76,359)</u>	<u>(81,550)</u>	<u>(157,909)</u>
Other Financing Receipts (Disbursements)			
Advances In		100,000	100,000
Advances Out	(100,000)		(100,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(100,000)</u>	<u>100,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(176,359)	18,450	(157,909)
<i>Fund Cash Balances, January 1</i>	<u>508,277</u>	<u>341,843</u>	<u>850,120</u>
Fund Cash Balances, December 31			
Restricted	0	360,293	360,293
Unassigned	331,918	0	331,918
<i>Fund Cash Balances, December 31</i>	<u>\$331,918</u>	<u>\$360,293</u>	<u>\$692,211</u>

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

**CENTER TOWNSHIP
COLUMBIANA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
Non-Operating Receipts	
Miscellaneous Receipts	<u>\$1,000</u>
<i>Total Non-Operating Receipts</i>	<u>1,000</u>
<i>Net Change in Fund Cash Balances</i>	1,000
<i>Fund Cash Balances, January 1</i>	<u>12,000</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$13,000</u></u>

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

**CENTER TOWNSHIP
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$35,100	\$320,633	\$355,733
Licenses, Permits and Fees	19,213		19,213
Intergovernmental	38,856	107,826	146,682
Special Assessments		617	617
Earnings on Investments	73	11	84
Miscellaneous	7,073	383	7,456
<i>Total Cash Receipts</i>	<u>100,315</u>	<u>429,470</u>	<u>529,785</u>
Cash Disbursements			
Current:			
General Government	92,988	28,585	121,573
Public Safety	35,900		35,900
Public Works	78,197	352,317	430,514
<i>Total Cash Disbursements</i>	<u>207,085</u>	<u>380,902</u>	<u>587,987</u>
<i>Net Change in Fund Cash Balances</i>	(106,770)	48,568	(58,202)
<i>Fund Cash Balances, January 1</i>	<u>615,047</u>	<u>293,275</u>	<u>908,322</u>
Fund Cash Balances, December 31			
Restricted	0	341,843	341,843
Unassigned	508,277	0	508,277
<i>Fund Cash Balances, December 31</i>	<u><u>\$508,277</u></u>	<u><u>\$341,843</u></u>	<u><u>\$850,120</u></u>

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

**CENTER TOWNSHIP
COLUMBIANA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
Non-Operating Receipts	
Miscellaneous Receipts	<u>\$3,000</u>
<i>Total Non-Operating Receipts</i>	<u>3,000</u>
<i>Net Change in Fund Cash Balances</i>	3,000
<i>Fund Cash Balances, January 1</i>	<u>9,000</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$12,000</u></u>

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

**CENTER TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Center Township, Columbiana County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, police and fire protection. The Township contracts with the Hanover Township Trustees to provide fire services as needed to residents on our border. The Township Fire Department is a Volunteer Fire Department and the Township signs a joint agreement with the Village of Lisbon and Elkrun Township.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Township did not maintain any investment accounts during the audit period.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

**CENTER TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

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

Motor Vehicle License Tax Fund – This fund receives monies collected from motor vehicle license fees for constructing, maintaining and repairing Township roads.

3. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is required under an EPA landfill mandate.

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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**CENTER TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**CENTER TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2014	2013
Demand deposits	\$692,211	\$850,120
Other time deposits (savings and NOW accounts)	13,000	12,000
Total deposits	\$705,211	\$862,120

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$96,865	\$107,275	\$10,410
Special Revenue	618,255	654,291	36,036
Private Purpose Trust	1,000	1,000	0
Total	\$716,120	\$762,566	\$46,446

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$284,179	(\$284,179)
Special Revenue	0	638,429	(638,429)
Private Purpose Trust	0	0	0
Total	\$0	\$922,608	(\$922,608)

**CENTER TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$118,796	\$100,315	(\$18,481)
Special Revenue	419,347	429,470	10,123
Private Purpose Trust	1,000	3,000	2,000
Total	\$539,143	\$532,785	(\$6,358)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$240,006	\$207,412	\$32,594
Special Revenue	1,201,336	384,710	816,626
Private Purpose Trust	10,000	0	10,000
Total	\$1,451,342	\$592,122	\$859,220

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority for all funds for the year ended December 31, 2014 as appropriations were not legally adopted by the Trustees.

4. PROPERTY TAX

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

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

5. RETIREMENT SYSTEMS

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

**CENTER TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(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.



Dave Yost • Auditor of State

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

Center Township
Columbiana County
38241 Industrial Park Road
Lisbon, Ohio 44432

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Center Township, Columbiana County, (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated August 28, 2015, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-001 and 2014-002 described in the accompanying schedule of findings to be 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, opining 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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-001 through 2014-003.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

August 28, 2015

**CENTER TOWNSHIP
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

1. Appropriations

<i>Finding Number</i>	2014-001
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NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Revised Code Section 5705.41(B) prohibits a subdivision from expending money unless it has been properly appropriated. Budgetary expenditures (that is, disbursements and encumbrances) as enacted by the Township may not exceed appropriations at the legal level for all funds.

Ohio Revised Code Section 5705.40 states that any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation.

The following funds had expenditures in excess of appropriations at December 31, 2014:

Fund # and Name	Prior Year Carryover Appropriations plus 2014 Appropriations	2014 Actual Expenditures plus 2014 Year end encumbrances	Variance
1000 – General	\$ 327	\$269,145	(\$268,818)
2011 – Motor Vehicle License Tax	0	14,664	(14,664)
2021 – Gasoline Tax	234	120,135	(119,901)
2031 – Road and Bridge	1,852	139,852	(138,000)
2191 – Fire Levy	0	214,526	(214,526)
2192 – Road Levy	1,722	153,191	(151,469)
2231 – Permissive Motor Vehicle License	0	10,377	(10,377)
2401 – Street Lighting	0	716	(716)
2904 – Lease Proceeds	0	2,239	(2,239)

The above table includes all adjustments made to the financial statements.

It was also noted the Township did not approve any appropriations in 2014 and that appropriations recorded in the Township's computer system did not agree with appropriations legislatively established by Trustees in 2014. Amended appropriations were recorded within the system but were not properly authorized/approved by the Trustees and documented within the Township minutes. This resulted in an adjustment to the budgetary note within the financial statements. The budgetary note has been corrected to reflect this adjustment.

The Trustees must approve all appropriation modifications. The Township should verify all expenditures have proper appropriation authority prior to expending funds and compare appropriations to expenditures in all funds which are legally required to be budgeted, at the legal level of control, to maintain compliance with the above requirements. Additionally, the Township should implement procedures to ensure only legislatively approved appropriations are posted and are accurately reflected in the Township computer system.

2. Salary Allocation

<i>Finding Number</i>	2014-002
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NONCOMPLIANCE AND MATERIAL WEAKNESS

Per Ohio Revised Code 505.24(C) to be paid on a salary basis in equal monthly installments, the board of trustees must unanimously pass a resolution to allow it. To be paid from any fund(s) other than the general fund, the resolution must also specify the proportions of the salary that are to be paid from each fund. If trustees use the salary method and are compensated from funds other than the general fund, they must certify the percentage of the time spent working on matters that are to be paid from funds other than the general fund. Trustees must complete a certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized. The certification is not required to be a time log. Rather, all that is required is a statement detailing the percentage of time that the trustee/fiscal officer spent during that pay period providing services related to each fund to be charged. If 100% of the compensation of the township trustee is to be paid from the general fund, no certification is required.

The Township officials misunderstood the ability to pay the Trustees' payroll from other funds and did not realize they could not take 100% of the payroll from funds other than the General fund. Therefore, Township trustees' annual salaries were paid 100% from Gas Tax, Road and Bridge and Road Levy Funds in both 2013 and 2014. This method of payment was not approved via resolutions; however, there were signed certification forms indicating the amount of time spent working on projects around the Township. Additionally as outlined in Auditor of State Bulletin 2013-002, township officials are required to attend board meetings in order to conduct the regular business of the township. Attendance at board meetings and other activities supporting the general business of the township must be allocated to the general fund; therefore, the allocation of 100 percent of a Township elected official's compensation to funds other than the general fund is not permitted under Ohio law.

The following adjustments for trustees' salaries and benefits were proposed and made to the financial statements and accounting records to reflect the Trustees estimate of time spent in relation to general business of the Township (increase to General Fund disbursements and decreases to Gas Tax - 2021, Road and Bridge - 2031, Road Levy - 2192 Funds disbursements):

- 2013 - 1000 General Fund - General Government \$12,759
 - 2021 Gas Tax - Public Works \$4,253
 - 2031 Road and Bridge - Public Works \$4,253
 - 2192 Road Levy - Public Works \$4,253
- 2014 - 1000 General Fund - General Government \$15,033
 - 2021 Gas Tax - Public Works \$5,011
 - 2031 Road and Bridge - Public Works \$5,011
 - 2192 Road Levy - Public Works \$5,011

The Township Trustees should specify in the resolution the proportions of the salary that are to be paid from each fund. Each Trustee should fill out a signed certification form documenting the amount of time they spent working on the fund(s) their pay is being charged prior to receiving pay for that period. Additionally, the Township should ensure the portion attributable to the general business of the Township is accurately included in the calculation and charged to the General Fund.

3. Fiscal Officer and Trustees Rate of Pay

<i>Finding Number</i>	2014-003
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NONCOMPLIANCE Finding for Recovery Repaid Under Audit

ORC 505.24 and 507.09 gives a chart of the rate that a fiscal officer and trustee may be paid as per their annual budget. During our testing of 2013 and 2014 it was noted Center Township should all have been paid at the \$750,000 - \$1,500,000 level and were actually compensated at the higher level of \$1,500,000 to \$3,500,000. The Township Handbook, published by the Auditor of State, cites a 2009 Attorney General Opinion (99-015) and defines budget as “the amount of money that the budget commission certifies that the trustees of a township would have available for expenditures during the fiscal year,” as shown on the official or amended certificate of estimated resources.

Based on the above each of the trustees and the fiscal officer overpayment was determined as follows:

	<u>Trustees</u>		<u>Fiscal Officer</u>	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Actual Annual Payroll	\$ 11,318	\$ 11,318	\$19,806	\$19,806
Proper Payroll Amount	<u>\$ 10,288</u>	<u>\$ 10,288</u>	<u>\$16,977</u>	<u>\$16,977</u>
Overpayment	<u>\$ 1,030</u>	<u>\$ 1,030</u>	<u>\$ 2,829</u>	<u>\$ 2,829</u>

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Joseph Csonka, Kenneth Schreffler, and Gregory Shire, Trustees in the amount of \$2,060 each, and against Rebecca Tolson, Fiscal Officer in the amount of \$5,658 and in favor of Center Township’s General Fund, Gas Tax Fund, Road and Bridge Fund and Road Levy Fund in the amounts of \$8,182, \$1,379, \$770, and \$1,507, respectively.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Atty Gen. No. 80-074.

During the course of the audit, the Trustees and Fiscal Officer have repaid, in full, the amounts noted above.

The Township should utilize the proper budget level when determining the annual salaries for the Trustees and Fiscal Officer.

Official’s Response: We did not receive a response from Officials to the findings reported above.

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Dave Yost • Auditor of State

CENTER TOWNSHIP

COLUMBIANA 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
OCTOBER 13, 2015**