



Mary Taylor, CPA
Auditor of State

**CENTER TOWNSHIP
CARROLL COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets – Modified Cash Basis – December 31, 2006	9
Statement of Activities – Modified Cash Basis – For the Year Ended December 31, 2006	10
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2006.....	11
Statement of Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2006	12
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) General Fund – For the Year Ended December 31, 2006	13
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Gasoline Tax Fund – For the Year Ended December 31, 2006.....	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Road and Bridge Fund – For the Year Ended December 31, 2006.....	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Cemetery Fund – For the Year Ended December 31, 2006	16
Statement of Net Assets – Modified Cash Basis – December 31, 2005	17
Statement of Activities – Modified Cash Basis – For the Year Ended December 31, 2005	18
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2005.....	19
Statement of Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2005	20
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) General Fund – For the Year Ended December 31, 2005	21
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Gasoline Tax Fund – For the Year Ended December 31, 2005.....	22
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Road and Bridge Fund – For the Year Ended December 31, 2005.....	23
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budget Basis) Cemetery Fund – For the Year Ended December 31, 2005	24
Notes to the Basic Financial Statements	25
Independent Accountants' Report on Internal Control over Financial Reporting and On Compliance and Other Matters Required By <i>Government Auditing Standards</i>	33

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Center Township
Carroll County
419 4th Street SE
Carrollton, Ohio 44615

To the Board of Trustees:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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. The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Center Township, Carroll County, Ohio, as of December 31, 2006 and 2005, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Cemetery Fund, Grandview Bequest Fund, and Mausoleum Bequest Fund, thereof, for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2006 and 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

July 18, 2007

CENTER TOWNSHIP, CARROLL COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

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

Highlights

Key highlights for 2006 and 2005 are as follows:

- In 2006, net assets of governmental activities increased \$59,178, or 30.67 percent, a significant change from a decrease of \$10,506, or 5.16 percent in 2005.
- The Township's receipts are primarily real estate taxes. These receipts represent respectively 35.87 percent of the total cash received for governmental activities during 2006 and 32.95 percent of total cash received for governmental activities during 2005.
- The Township paid the debt service obligation of the 419 4th Street property in full during 2006. Due to sound financial decisions, the Township paid off a 10 year note in less than 5 years.
- The Township is currently in the process of turning a tool shed at the entrance of Westview Cemetery into a chapel to be used as an alternative to a portable tent structure at the grave site. This will provide an option for person's holding services in inclement weather. Completion of the chapel is expected to be completed in Spring 2007. The Township will recover a portion of the remodeling costs by a charging a nominal fee for the use of this building.
- The Township's major construction project for 2005 was the addition of an ash bin/storage facility for road materials in the amount of \$15,500.
- In 2006 and 2005, respectively, the Township received \$5,804 and \$36,219 in state share of FEMA funds. This represents 2.05 percent of the total budget for 2006 and 12.79 percent for 2005. 100 percent of the FEMA funds due to the Township have been received and all FEMA repairs have been made.

Using the Basic Financial Statements

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

Report Components

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Township as a whole.

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

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

CENTER TOWNSHIP, CARROLL COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Basis of Accounting

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

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

Reporting the Township as a Whole

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

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

In the Statement of Net Assets and the Statement of Activities, the Township has one type of activity:

Governmental activities - All of the Township's basic services are reported here, including the major activity of road maintenance. Real estate taxes and gasoline taxes finance most of these activities.

Reporting the Township's Most Significant Funds

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

CENTER TOWNSHIP, CARROLL COUNTY
 Management's Discussion and Analysis
 For the Years Ended December 31, 2006 and 2005
 Unaudited

Governmental Funds – All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Gasoline Tax, Road and Bridge, Cemetery, Grandview Bequest and Mausoleum Bequest Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Township as a Whole

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

(Table 1)

Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$ 178,159	\$ 192,981
Investments	74,000	
Total Assets	\$ 252,159	\$ 192,981
Net Assets		
Restricted for:		
Debt Service		\$169
Permanent Funds	\$ 58,932	55,620
Other Purposes	135,439	97,249
Unrestricted	57,788	39,943
Total Net Assets	\$ 252,159	\$ 192,981

Net assets of governmental activities increased \$59,178 or 30.67 percent during 2006.

Table 2, reflects the changes in net assets on a modified cash basis in 2006 and 2005 for governmental activities and total primary government.

CENTER TOWNSHIP, CARROLL COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$12,687	\$21,776
Operating Grants and Contributions	115,736	138,753
Total Program Receipts	<u>128,423</u>	<u>160,529</u>
General Receipts:		
Property and Other Local Taxes to Specific Programs	107,068	93,298
Interest	16,144	18,977
Miscellaneous	4,495	312
Total General Receipts	<u>42,367</u>	<u>10,061</u>
Total Receipts	<u>170,074</u>	<u>122,648</u>
	<u>298,497</u>	<u>283,177</u>
Disbursements:		
General Government	45,689	39,596
Public Safety	6,360	5,769
Public Health Services	45,144	45,305
Public Works	127,871	163,427
Capital Outlay	8,986	34,507
Principal Retirement	5,199	37,363
Interest and Fiscal Charges	70	1,037
Total Disbursements	<u>239,319</u>	<u>327,004</u>
Excess (Deficiency)	59,178	(43,827)
Sale of Fixed Assets		33,321
Other Financing Sources	21,114	
Other Financing Uses	(21,114)	
Increase (Decrease) in Net Assets	59,178	(10,506)
Net Assets, January 1, 2006	<u>192,981</u>	<u>203,487</u>
Net Assets, December 31, 2006	<u>\$ 252,159</u>	<u>\$ 192,981</u>

CENTER TOWNSHIP, CARROLL COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Program receipts for 2006 represent only 43.02 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money. Program receipts for 2005 represent about 56.69 percent of the total receipts.

General receipts represent 56.98 percent of the Township's total 2006 receipts and 43.31 percent of the total 2005 receipts, and of this amount, 62.95 percent of the 2006 receipts and 76.07 percent of the 2005 receipts are from local taxes.

Total receipts increased by \$15,320 or 5.41 percent during 2006.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the board of trustees and the fiscal officer services as well as payroll, health insurance and purchasing. These costs do not represent direct services to residents so we try to limit these costs.

Public Safety Expenditures relate to the costs of the fire protection contract and Public Works Expenditures relate to the cost associated with the maintenance and repair of Township roads and bridges.

Governmental Activities

If you look at the 2006 Statement of Activities on page 10 and the 2005 Statement of Activities on page 18, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities is for public works, which, in 2006, accounted for \$127,871 or 53.43 percent of all governmental disbursements. In 2005, these disbursements accounted for \$163,427 or 49.98 percent of all governmental disbursements. General government and health also represent a significant cost, about 37.96 percent in 2006 and 25.96 percent in 2005. The next columns of the Statement entitled Program Cash Receipts identify amounts paid by the people who are directly charged for the services and grants received by the Township which must be used for a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2006	2006	2005	2005
General Government	\$ 45,689	\$ 45,689	\$ 39,596	\$ 39,596
Public Safety	6,360	3,337	5,769	4,341
Public Works	127,871	17,323	163,427	30,461
Health	45,144	30,292	45,305	19,170
Capital Outlay	8,986	8,986	34,507	34,507
Principal Retirement	5,199	5,199	37,363	37,363
Interest and Fiscal Charges	70	70	1,037	1,037
Total Expenses	\$ 239,319	\$ 110,896	\$ 327,004	\$ 166,475

CENTER TOWNSHIP, CARROLL COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

The dependence upon property tax receipts is apparent as over 57.4 percent of 2006 governmental activities and 56.5 percent of 2005 governmental activities are supported mainly through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$319,610 and disbursements of \$260,432 in 2006. Total governmental funds had receipts of \$283,178 and disbursements of \$327,004 in 2005. The greatest changes within governmental funds occurred within the General Fund, Gasoline Tax Fund and, within the Other Governmental Funds, the Special Revenue Fund (FEMA). The fund balance of the General Fund increased \$17,845 in 2006 as the result of \$26,430 in timber sales. The fund balance of the Gasoline Tax fund increased \$26,228 in 2006 as a result of increased receipts of \$12,221 and decreased expenditures of \$15,188. The Special Revenue Fund (FEMA) received \$36,219 in federal and state FEMA funds in 2005 and only received \$5,804 in 2006.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. For 2005 and 2006, the most significant budgeted funds are the General, Gasoline Tax, Road and Bridge and Cemetery Funds.

During 2006, the General, Road and Bridge and Cemetery Funds' actual receipts exceeded budgeted receipts. The Gasoline Tax Funds actual receipts equaled budgeted receipts. The General Fund's excess was partially due to the \$26,430 in timber sales receipts.

For 2006, final disbursements for all major funds except the Road and Bridge Fund were under the final budgeted amounts. The Road and Bridge fund had \$5,699 over the budgeted amount. This was due to the Township receiving \$21,114 in the Road and Bridge Fund from the Carroll County Auditor in error that had to be returned to Carroll County.

During 2005, actual receipts equaled budgeted receipts for all major funds.

For 2005, final disbursements for all major funds were well under the final budgeted amounts.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. In order not to incur new debt, the Township also will maintain and make repairs as necessary on Township vehicles rather than purchase new ones. The Township also will put the purchase of mowing equipment on a rotation schedule to spread the cost over a period of time. Concerns still exist over how to maintain certain Township roads (chip and seal vs. dirt road with dust control oil applied), in regard to cost for each type. The Township will make adjustments as necessary.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Pamela S. Berardinelli, Fiscal Officer, Center Township, 419 4th Street, Carrollton, OH, 44615.

CENTER TOWNSHIP, CARROLL COUNTY
Statement of Net Assets - Modified Cash Basis
December 31, 2006

	Governmental Activities
Assets	
Cash	\$178,159
Investments	74,000
<i>Total Assets</i>	<u>252,159</u>
Net Assets	
Restricted for:	
Permanent Fund: Grandview Bequest Fund	
Expendable	4,760
Nonexpendable	23,500
Permanent Fund: Mausoleum Bequest Fund	
Expendable	5,172
Nonexpendable	25,500
Other Purposes	135,439
Unrestricted	57,788
<i>Total Net Assets</i>	<u>\$252,159</u>

See accompanying notes to the basic financial statements

CENTER TOWNSHIP, CARROLL COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 45,689			\$ (45,689)
Public Safety	6,360		\$ 3,023	(3,337)
Public Works	127,871		110,548	(17,323)
Health	45,144	\$ 12,687	2,165	(30,292)
Capital Outlay	8,986			(8,986)
Debt Service:				
Principal	5,199			(5,199)
Interest	70			(70)
<i>Total Governmental Activities</i>	\$ 239,319	\$ 12,687	\$ 115,736	\$ (110,896)
General Receipts				
Property Taxes				107,068
Grants and Entitlements not Restricted to Specific Programs				16,144
Earnings on Investments				4,495
Miscellaneous				42,367
<i>Total General Receipts</i>				<u>170,074</u>
Other Financing Sources				21,114
Other Financing Uses				<u>(21,114)</u>
Total General Receipts, Other Financing Sources and Uses				<u>170,074</u>
Change in Net Assets				59,178
<i>Net Assets Beginning of Year</i>				<u>192,981</u>
<i>Net Assets End of Year</i>				<u><u>\$ 252,159</u></u>

See accompanying notes to the basic financial statements

CENTER TOWNSHIP, CARROLL COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Gasoline Tax	Road And Bridge	Cemetery Fund	Grandview Bequest Fund	Mausoleum Bequest Fund	Other Governmental Funds	Total Governmental Funds
Assets								
Cash	\$ 45,288	\$ 45,531	\$ 43,524	\$ 26,133	\$ 4,760	\$ 5,172	\$ 7,751	\$ 178,159
Investments	12,500	7,500		5,000	23,500	25,500		74,000
<i>Total Assets</i>	<u>\$ 57,788</u>	<u>\$ 53,031</u>	<u>\$ 43,524</u>	<u>\$ 31,133</u>	<u>\$ 28,260</u>	<u>\$ 30,672</u>	<u>\$ 7,751</u>	<u>\$ 252,159</u>
Fund Balances								
Reserved:								
Reserved for Encumbrances	\$ 541	\$ 863	\$ 4,900	\$ 5,100				\$ 11,404
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	57,247							57,247
Special Revenue Funds		52,168	38,624	26,033			7,751	124,576
Permanent Fund					\$ 28,260	\$ 30,672		58,932
<i>Total Fund Balances</i>	<u>\$ 57,788</u>	<u>\$ 53,031</u>	<u>\$ 43,524</u>	<u>\$ 31,133</u>	<u>\$ 28,260</u>	<u>\$ 30,672</u>	<u>\$ 7,751</u>	<u>\$ 252,159</u>

See accompanying notes to the basic financial statements

CENTER TOWNSHIP, CARROLL COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax	Road And Bridge	Cemetery Fund	Grandview Bequest Fund	Mausoleum Bequest Fund	Other Governmental Funds	Total
Receipts								
Property and Other Local Taxes	\$ 27,577		\$ 46,634	\$ 22,500			\$ 10,357	\$ 107,068
Licenses, Permits and Fees				12,687				12,687
Intergovernmental	16,144	\$ 85,545	22,530	2,165			5,496	131,880
Earnings on Investments	833	341			\$ 1,588	\$ 1,723	10	4,495
Miscellaneous	28,020		320	14,027				42,367
Total Receipts	72,574	85,886	69,484	51,379	1,588	1,723	15,863	298,497
Disbursements								
Current:								
General Government	45,689							45,689
Public Safety							6,360	6,360
Public Works		59,658	63,000				5,213	127,871
Health	6,839			38,305				45,144
Capital Outlay	2,201		2,335	4,450				8,986
Debt Service:								
Principal Retirement							5,199	5,199
Interest and Fiscal Charges							70	70
Total Disbursements	54,729	59,658	65,335	42,755	-	-	16,842	239,319
Excess of Receipts Over (Under) Disbursements	17,845	26,228	4,149	8,624	1,588	1,723	(979)	59,178
Other Financing Sources (Uses)								
Advances In	2,800						2,800	5,600
Advances Out	(2,800)						(2,800)	(5,600)
Other Financing Sources			21,114					21,114
Other Financing Uses			(21,114)					(21,114)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Net Change in Fund Balances	17,845	26,228	4,149	8,624	1,588	1,723	(979)	59,178
Fund Balances Beginning of Year	39,943	26,803	39,375	22,509	26,672	28,949	8,730	192,981
Fund Balances End of Year	\$ 57,788	\$ 53,031	\$ 43,524	\$ 31,133	\$ 28,260	\$ 30,672	\$ 7,751	\$ 252,159

See accompanying notes to the basic financial statements

CENTER TOWNSHIP, CARROLL COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	25,150	14,005	27,577	13,572
Intergovernmental	16,314	11,883	16,144	4,261
Earnings on Investments	501	85	833	748
Miscellaneous		16,466	28,020	11,554
<i>Total receipts</i>	<u>41,965</u>	<u>42,439</u>	<u>72,574</u>	<u>30,135</u>
Disbursements				
Current:				
General Government	63,184	61,680	45,689	(15,991)
Health	6,823	7,787	6,839	(948)
Capital Outlay	7,093	7,633	2,201	(5,432)
<i>Total Disbursements</i>	<u>77,100</u>	<u>77,100</u>	<u>54,729</u>	<u>(22,371)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(35,135)</u>	<u>(34,661)</u>	<u>17,845</u>	<u>52,506</u>
Other Financing Sources (Uses)				
Advances In			2,800	2,800
Advances Out			(2,800)	(2,800)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(35,135)	(34,661)	17,845	52,506
<i>Fund Balance Beginning of Year</i>	<u>39,943</u>	<u>39,943</u>	<u>39,943</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>4,808</u>	<u>5,282</u>	<u>57,788</u>	<u>52,506</u>

See accompanying notes to the basic financial statements

CENTER TOWNSHIP, CARROLL COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Gasoline Tax Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	61,532	85,859	85,545	(314)
Earnings on Investments	309	26	341	315
<i>Total receipts</i>	<u>61,841</u>	<u>85,885</u>	<u>85,886</u>	<u>1</u>
Disbursements				
Current:				
Public Works	73,392	78,900	59,658	(19,242)
Capital Outlay	10,008	4,500		(4,500)
<i>Total Disbursements</i>	<u>83,400</u>	<u>83,400</u>	<u>59,658</u>	<u>(23,742)</u>
<i>Net Change in Fund Balance</i>	(21,559)	2,485	26,228	23,743
<i>Fund Balance Beginning of Year</i>	<u>26,803</u>	<u>26,803</u>	<u>26,803</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>5,244</u>	<u>29,288</u>	<u>53,031</u>	<u>23,743</u>

See accompanying notes to the basic financial statements

CENTER TOWNSHIP, CARROLL COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Road and Bridge Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	41,000	30,908	46,634	15,726
Intergovernmental	10,300	17,462	22,530	5,068
Miscellaneous			320	320
<i>Total receipts</i>	<u>51,300</u>	<u>48,370</u>	<u>69,484</u>	<u>21,114</u>
Disbursements				
Current:				
Public Works	84,350	61,276	63,000	1,724
Capital Outlay		1,960	2,335	375
<i>Total Disbursements</i>	<u>84,350</u>	<u>63,236</u>	<u>65,335</u>	<u>2,099</u>
<i>Net Change in Fund Balance</i>	(33,050)	(14,866)	4,149	19,015
<i>Fund Balance Beginning of Year</i>	<u>39,375</u>	<u>39,375</u>	<u>39,375</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>6,325</u>	<u>24,509</u>	<u>43,524</u>	<u>19,015</u>

See accompanying notes to the basic financial statements

CENTER TOWNSHIP, CARROLL COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Cemetery Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	20,544	18,543	22,500	3,957
Licenses, Permits and Fees	12,040	12,400	12,687	287
Intergovernmental	1,790	4,200	2,165	(2,035)
Miscellaneous	10,384	9,615	14,027	4,412
<i>Total receipts</i>	44,758	44,758	51,379	6,621
Disbursements				
Current:				
Health	49,000	48,387	38,305	(10,082)
Capital Outlay	12,250	12,863	4,450	(8,413)
<i>Total Disbursements</i>	61,250	61,250	42,755	(18,495)
<i>Net Change in Fund Balance</i>	(16,492)	(16,492)	8,624	25,116
<i>Fund Balance Beginning of Year</i>	22,509	22,509	22,509	-
<i>Fund Balance End of Year</i>	6,017	6,017	31,133	25,116

See accompanying notes to the basic financial statements

CENTER TOWNSHIP, CARROLL COUNTY
Statement of Net Assets - Modified Cash Basis
December 31, 2005

	Governmental Activities
Assets	
Cash	\$192,981
<i>Total Assets</i>	192,981
 Net Assets	
Restricted for:	
Debt Service	169
Permanent Fund: Grandview Bequest Fund	
Expendable	3,172
Nonexpendable	23,500
Permanent Fund: Mausoleum Bequest Fund	
Expendable	3,449
Nonexpendable	25,500
Other Purposes	97,248
Unrestricted	39,943
<i>Total Net Assets</i>	\$192,981

See accompanying notes to the basic financial statements

CENTER TOWNSHIP, CARROLL COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2005

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 39,596			\$ (39,596)
Public Safety	5,769		\$ 1,428	(4,341)
Public Works	163,427		132,966	(30,461)
Health	45,305	\$ 21,776	4,359	(19,170)
Capital Outlay	34,507			(34,507)
Debt Service:				
Principal	37,363			(37,363)
Interest	1,037			(1,037)
<i>Total Governmental Activities</i>	\$ 327,004	\$ 21,776	\$ 138,753	(166,475)
General Receipts				
Property Taxes				93,298
Grants and Entitlements not Restricted to Specific Programs				18,977
Sale of Fixed Assets				33,321
Earnings on Investments				312
Miscellaneous				10,061
<i>Total General Receipts</i>				155,969
Change in Net Assets				(10,506)
<i>Net Assets Beginning of Year</i>				203,487
<i>Net Assets End of Year</i>				\$ 192,981

See accompanying notes to the basic financial statements

CENTER TOWNSHIP, CARROLL COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	CEMETERY FUND	GRANDVIEW BEQUEST FUND	MAUSOLEUM BEQUEST FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets								
Cash	\$ 39,943	\$ 26,803	\$ 39,375	\$ 22,509	\$ 26,672	\$ 28,949	\$ 8,730	\$ 192,981
<i>Total Assets</i>	<u>\$ 39,943</u>	<u>\$ 26,803</u>	<u>\$ 39,375</u>	<u>\$ 22,509</u>	<u>\$ 26,672</u>	<u>\$ 28,949</u>	<u>\$ 8,730</u>	<u>\$ 192,981</u>
Fund Balances								
Reserved:								
Reserved for Encumbrances	\$ 284	\$ 1,000	\$ 1,300	\$ 2,574			\$ 272	\$ 5,430
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	39,659							39,659
Special Revenue Funds		25,803	38,075	19,935			8,289	92,102
Debt Service Fund							169	169
Permanent Fund					\$ 26,672	\$ 28,949		55,621
<i>Total Fund Balances</i>	<u>\$ 39,943</u>	<u>\$ 26,803</u>	<u>\$ 39,375</u>	<u>\$ 22,509</u>	<u>\$ 26,672</u>	<u>\$ 28,949</u>	<u>\$ 8,730</u>	<u>\$ 192,981</u>

See accompanying notes to the basic financial statements

CENTER TOWNSHIP, CARROLL COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Gasoline Tax	Road And Bridge	Cemetery Fund	Grandview Bequest Fund	Mausoleum Bequest Fund	Other Governmental Funds	Total
Receipts								
Property and Other Local Taxes	\$ 23,837		\$ 38,455	\$ 18,651			\$ 12,354	\$ 93,297
Licenses, Permits and Fees				12,477				12,477
Intergovernmental	18,977	\$ 73,324	18,646	4,360			42,403	157,710
Earnings on Investments	147	15			\$ 79	\$ 86	5	332
Miscellaneous	182		9,864	9,316				19,362
Total Receipts	43,143	73,339	66,965	44,804	79	86	54,762	283,178
Disbursements								
Current:								
General Government	39,416			180				39,596
Public Safety							5,769	5,769
Public Works		70,187	52,792				40,448	163,427
Health	6,800			38,506				45,306
Capital Outlay	4,700	4,659	2,500	19,548	1,550	1,550		34,507
Debt Service:								
Principal Retirement							37,363	37,363
Interest and Fiscal Charges							1,037	1,037
Total Disbursements	50,916	74,846	55,292	58,234	1,550	1,550	84,617	327,005
Excess of Receipts Over (Under) Disbursements	(7,773)	(1,507)	11,673	(13,430)	(1,471)	(1,464)	(29,855)	(43,827)
Other Financing Sources (Uses)								
Sale of Fixed Assets	3,321						30,000	33,321
Advances In	2,800						2,800	5,600
Advances Out	(2,800)						(2,800)	(5,600)
Total Other Financing Sources (Uses)	3,321	-	-	-	-	-	30,000	33,321
Net Change in Fund Balances	(4,452)	(1,507)	11,673	(13,430)	(1,471)	(1,464)	145	(10,506)
Fund Balances Beginning of Year	44,395	28,310	27,702	35,939	28,143	30,413	8,585	203,487
Fund Balances End of Year	\$ 39,943	\$ 26,803	\$ 39,375	\$ 22,509	\$ 26,672	\$ 28,949	\$ 8,730	\$ 192,981

See accompanying notes to the basic financial statements.

CENTER TOWNSHIP, CARROLL COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 25,670	\$ 23,837	\$ 23,838	\$ 1
Intergovernmental	18,454	18,977	18,977	-
Earnings on Investments	110	147	147	-
Miscellaneous	1,294	182	182	-
<i>Total receipts</i>	<u>45,528</u>	<u>43,143</u>	<u>43,144</u>	<u>1</u>
Disbursements				
Current:				
General Government	64,220	66,755	39,416	(27,339)
Health	10,140	10,140	6,799	(3,341)
Capital Outlay	10,140	7,605	4,700	(2,905)
<i>Total Disbursements</i>	<u>84,500</u>	<u>84,500</u>	<u>50,915</u>	<u>(33,585)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(38,972)</u>	<u>(41,357)</u>	<u>(7,771)</u>	<u>33,586</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets		3,321	3,321	-
Advances In			2,800	2,800
Advances Out		(2,800)	(2,800)	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>521</u>	<u>3,321</u>	<u>2,800</u>
<i>Net Change in Fund Balance</i>	<u>(38,972)</u>	<u>(40,836)</u>	<u>(4,450)</u>	<u>36,386</u>
<i>Fund Balance Beginning of Year</i>	<u>44,395</u>	<u>44,395</u>	<u>44,395</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 5,423</u>	<u>\$ 3,559</u>	<u>\$ 39,945</u>	<u>\$ 36,386</u>

See accompanying notes to the basic financial statements

CENTER TOWNSHIP, CARROLL COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Gasoline Tax Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	55,726	73,324	73,324	-
Earnings on Investments	40	15	15	-
<i>Total receipts</i>	<u>55,766</u>	<u>73,339</u>	<u>73,339</u>	<u>-</u>
Disbursements				
Current:				
Public Works	76,798	76,798	70,187	(6,611)
Capital Outlay	4,902	4,902	4,659	(243)
<i>Total Disbursements</i>	<u>81,700</u>	<u>81,700</u>	<u>74,846</u>	<u>(6,854)</u>
<i>Net Change in Fund Balance</i>	(25,934)	(8,361)	(1,507)	6,854
<i>Fund Balance Beginning of Year</i>	<u>28,310</u>	<u>28,310</u>	<u>28,310</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>2,376</u>	<u>19,949</u>	<u>26,803</u>	<u>6,854</u>

See accompanying notes to the basic financial statements

CENTER TOWNSHIP, CARROLL COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Road and Bridge Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	32,700	38,455	38,455	-
Intergovernmental	8,963	18,646	18,646	-
Miscellaneous		9,864	9,864	-
<i>Total receipts</i>	<u>41,663</u>	<u>66,965</u>	<u>66,965</u>	<u>-</u>
Disbursements				
Current:				
Public Works	64,056	64,056	52,792	(11,264)
Capital Outlay	2,500	2,500	2,500	-
<i>Total Disbursements</i>	<u>66,556</u>	<u>66,556</u>	<u>55,292</u>	<u>(11,264)</u>
<i>Net Change in Fund Balance</i>	(24,893)	409	11,673	11,264
<i>Fund Balance Beginning of Year</i>	<u>27,702</u>	<u>27,702</u>	<u>27,702</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>2,809</u>	<u>28,111</u>	<u>39,375</u>	<u>11,264</u>

See accompanying notes to the basic financial statements

CENTER TOWNSHIP, CARROLL COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Cemetery Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	16,790	18,651	18,651	-
Licenses, Permits and Fees	16,038	12,477	12,477	-
Intergovernmental	3,750	4,360	4,360	-
Miscellaneous	3,510	9,316	9,316	-
<i>Total receipts</i>	<u>40,088</u>	<u>44,804</u>	<u>44,804</u>	<u>-</u>
Disbursements				
Current:				
General Government	217	217	180	(37)
Health	52,417	50,248	38,506	(11,742)
Capital Outlay	19,666	21,835	19,548	(2,287)
<i>Total Disbursements</i>	<u>72,300</u>	<u>72,300</u>	<u>58,234</u>	<u>(14,066)</u>
<i>Net Change in Fund Balance</i>	(32,212)	(27,496)	(13,430)	14,066
<i>Fund Balance Beginning of Year</i>	<u>35,939</u>	<u>35,939</u>	<u>35,939</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>3,727</u>	<u>8,443</u>	<u>22,509</u>	<u>14,066</u>

See accompanying notes to the basic financial statements

CENTER TOWNSHIP, CARROLL COUNTY

Notes to the Basic Financial Statements

December 31, 2006 and 2005

1. REPORTING ENTITY

Center Township, Carroll County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The Township provides general government services, maintenance of Township roads and bridges, maintenance of cemeteries and contracts with the Village of Carrollton to provide fire protections services. Police protection is provided by the Carroll County Sheriff's Department.

The Township's primary government consists of all funds that are not legally separate from the Township.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. The following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township has no business-type activities.

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

CENTER TOWNSHIP, CARROLL COUNTY

Notes to the Basic Financial Statements

December 31, 2006 and 2005

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants) and other nonexchange transactions as governmental funds. Governmental funds focus on the sources, uses and balances of current financial resources.

The Township has the following major governmental funds:

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

Road and Bridge Fund – This fund receives property tax money for the construction, maintenance and repair of Township roads and bridges.

Gasoline Tax Fund – This fund is comprised of taxes on the sale of gasoline which is distributed to the Township based upon road mileage determined by the state. The Township uses these sources for the construction, maintenance and repair of Township roads.

Cemetery Fund – This fund receives property tax money and collection of fees for services to pay for burial services and overall maintenance of the cemetery grounds.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

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

CENTER TOWNSHIP, CARROLL COUNTY
Notes to the Basic Financial Statements
December 31, 2006 and 2005
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

D. Budgetary Process

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

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds. Ohio Revised Code Section 5705.38(C) requires the minimum level of control to be at the office, department, division, and, within each, the amount appropriated for personal services.

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

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

E. Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with a initial maturity of more than three months that were not purchased from the pool are reported as investments. The Township's only investments during 2006 and 2005 were certificates of deposit.

CENTER TOWNSHIP, CARROLL COUNTY

Notes to the Basic Financial Statements

December 31, 2006 and 2005

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments (Continued)

Investments are reported as assets. 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 negative receipts (contra revenue), respectively.

Interest earnings are allocated to Township funds according to state statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 and 2005 were \$833 and \$147, respectively.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Interfund Receivables/Payables

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to Ohio Public Employees Retirement pension plan when they are paid. As described in Note 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

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

CENTER TOWNSHIP, CARROLL COUNTY

Notes to the Basic Financial Statements

December 31, 2006 and 2005

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for FEMA Grants and cemetery bequest funds.

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

M. Fund Balance Reserves

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

3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

Last year, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2006 and 2005, the Township has implemented the modified cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Cemetery Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

5. DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

CENTER TOWNSHIP, CARROLL COUNTY
Notes to the Basic Financial Statements
December 31, 2006 and 2005
(Continued)

5. DEPOSITS AND INVESTMENTS (Continued)

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) and by collateral pledged to the Township by 1st National Community Bank.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Township or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township had no un-deposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

CENTER TOWNSHIP, CARROLL COUNTY

Notes to the Basic Financial Statements

December 31, 2006 and 2005

(Continued)

5. DEPOSITS AND INVESTMENTS (Continued)

The Township's investments are required to be categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the Township's name. The investments in U.S. Treasury Bills are classified in category three. Investments in STAR Ohio and the money market mutual fund are not classified since they are not evidenced by securities that exist in physical or book-entry form.

6. PROPERTY TAXES

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

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006, was \$3.18 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential	\$12,506,190
Agriculture	3,237,330
Commercial/Industrial/Mineral	3,372,020
Public Utility Property (State)	2,406,410
Tangible Personal Property	1,660,930
Total Assessed Value	\$23,182,880

CENTER TOWNSHIP, CARROLL COUNTY

Notes to the Basic Financial Statements

December 31, 2006 and 2005

(Continued)

7. RISK MANAGEMENT

The Township has obtained insurance for Liability/Commercial Package through McFaden Insurance Agency for the following risks: general liability, public officials' liability, vehicles, and property.

Employee health insurance coverage is provided by Aultcare /MLIC (major medical and prescription drug coverage), and Security Life Insurance Company of America provides the township with dental and vision insurance. A copy of the employee's health insurance benefits is on file with the township.

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2005, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. For 2006, OPERS members contributed 9.0 percent of their gross salaries. The Township contributed an amount equaling 13.70 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.



Mary Taylor, CPA

Auditor of State

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

Center Township
Carroll County
419 4th Street SE
Carrollton, Ohio 44615

To the Board of Trustees:

We have audited the financial statements of Center Township, Carroll County, (the Township) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated July 18, 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 opinion 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.

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.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Township's management in a separate letter dated July 18, 2007.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293
Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949
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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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Government's management in a separate letter dated July 18, 2007.

We intend this report solely for the information and use of the management and the Township Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 18, 2007



Mary Taylor, CPA
Auditor of State

CENTER TOWNSHIP

CARROLL 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
JANUARY 15, 2008**