



**CARLISLE TOWNSHIP
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007-2006



Mary Taylor, CPA
Auditor of State

**CARLISLE TOWNSHIP
LORAIN COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Carlisle Township
Lorain County
Board of Trustees
11969 LaGrange Road
LaGrange, OH 44050

To the Board of Trustees:

We were engaged to audit the financial statements of Carlisle Township, Lorain County, Ohio (the Township) as of and for the years ended December 31, 2007 and December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the Township's management.

The Township did not provide a check register that listed payments in sequential order. Checks did not agree with what was recorded on the check register. Checks recorded on the check register did not appear on Township bank statements. The Township failed to record certain expenditure activities and the Township failed to encumber expenditures. Consequently, we were unable to verify the accuracy and completeness of the expenditure activities.

The Township did not provide a complete and accurate cash receipt journal. The Township's recording of receipt transactions to its accounting system were erroneous and were not supported by original support documentation. Consequently, we were unable to verify the accuracy and completeness of the receipt activities.

The Township's Minute Records did not contain relevant information for Township meetings or operations. Consequently, we were unable to verify the existence, completeness and accuracy of the Township's budgetary tax rates, special assessments and other necessary resolutions.

The Trustees and current Fiscal Officer concluded that the financial and accounting records kept by the prior Fiscal Officer were incomplete and unreliable. The state of the records makes it impossible for the Trustees and current Fiscal Officer to make any factual representations regarding the accuracy of records which were beyond their immediate control. Auditing Standards Section 333 requires these signed representations as a condition for the auditor to issue an unqualified opinion.

At the end of 2007, there was an unreconciled difference between reported financial statement balances and reconciled cash balances of \$1,396,753. At the end of 2006, the unreconciled difference was \$1,079,080.

The accompanying financial statements omit all note disclosures required or permitted by the Auditor of State.

The Township processes its financial transactions with 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 audit 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 § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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The Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our disclaimer on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and December 31, 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and December 31, 2006, or its changes in financial position for the years then ended.

Also in our opinion, because of the unreconciled cash differences described in paragraph five, the Township's financial statements overstate its combined fund cash balances by \$1,396,753 as of December 31, 2007 and by \$1,079,080 as of December 31, 2006.

Since the Township did not provide the evidence described in paragraphs two through five above, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express an opinion on the Township's combined receipts and disbursements for the years ended December 31, 2007 and December 31, 2006.

Generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2007 and December 31, 2006. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2008 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.



Mary Taylor, CPA
Auditor of State

November 25, 2008

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$382,222	\$675,348	\$0	\$0	\$1,057,570
Charges for Services	0	4,146	0	0	4,146
Licenses, Permits, and Fees	137,391	2,186	0	0	139,577
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	313,032	179,324	0	0	492,356
Special Assessments	0	5,170	0	0	5,170
Earnings on Investments	85,206	18,736	0	1	103,943
Miscellaneous	74,922	3,940	0	0	78,862
Total Cash Receipts	<u>992,773</u>	<u>888,850</u>	<u>0</u>	<u>1</u>	<u>1,881,624</u>
Cash Disbursements:					
Current:					
General Government	715,031	0	0	0	715,031
Public Safety	83,360	312,941	0	0	396,301
Public Works	8,249	260,430	0	0	268,679
Health	70	4,623	0	0	4,693
Conservation - Recreation	43	0	0	0	43
Capital Outlay	0	19,191	0	0	19,191
Debt Service:					
Redemption of Principal	0	249,900	0	0	249,900
Interest and Other Fiscal Charges	0	0	0	0	0
Total Cash Disbursements	<u>806,753</u>	<u>847,085</u>	<u>0</u>	<u>0</u>	<u>1,653,838</u>
Total Receipts Over/(Under) Disbursements	<u>186,020</u>	<u>41,765</u>	<u>0</u>	<u>1</u>	<u>227,786</u>
Other Financing Receipts / (Disbursements):					
Sale of Notes	0	0	3,379	0	3,379
Transfers-In	0	0	0	0	0
Transfers-Out	0	0	0	0	0
Advances-In	0	0	0	0	0
Advances-Out	0	0	0	0	0
Total Other Financing Receipts / (Disbursements)	<u>0</u>	<u>0</u>	<u>3,379</u>	<u>0</u>	<u>3,379</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	186,020	41,765	3,379	1	231,165
Fund Cash Balances, January 1	1,733,669	1,112,289	0	2,006	2,847,964
Fund Cash Balances, December 31	<u>\$1,919,689</u>	<u>\$1,154,054</u>	<u>\$3,379</u>	<u>\$2,007</u>	<u>\$3,079,129</u>
Reserve for Encumbrances, December 31	\$12,430	\$6,524	\$0	\$0	\$18,954

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

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Fiduciary Fund Type	Totals (Memorandum Only)
	Agency	
Operating Cash Receipts:		
Charges for Services	\$0	\$0
Licenses, Permits and Fees	1,077	1,077
Total Operating Cash Receipts	1,077	1,077
Operating Cash Disbursements:		
Salaries	0	0
Employee Fringe Benefits	0	0
Purchased Services	0	0
Supplies and Materials	0	0
Claims	0	0
Other	10,858	10,858
Total Operating Cash Disbursements	10,858	10,858
Operating Income/(Loss)	(9,781)	(9,781)
Non-Operating Cash Receipts:		
Property Tax and Other Local Taxes	0	0
Intergovernmental	0	0
Miscellaneous Receipts	0	0
Sale of Bonds	0	0
Sale of Notes	0	0
Other Debt Proceeds	0	0
Earnings on Investments	0	0
Sale of Fixed Assets	0	0
Other Non-Operating Cash Receipts	0	0
Total Non-Operating Cash Receipts	0	0
Non-Operating Cash Disbursements:		
Capital Outlay	0	0
Redemption of Principal	0	0
Interest and Other Fiscal Charges	0	0
Other Non-Operating Cash Disbursements	0	0
Total Non-Operating Cash Disbursements	0	0
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(9,781)	(9,781)
Transfers-In	0	0
Transfers-Out	0	0
Advances-In	0	0
Advances-Out	0	0
Net Receipts Over/(Under) Disbursements	(9,781)	(9,781)
Fund Cash Balances, January 1	16,232	16,232
Fund Cash Balances, December 31	\$6,451	\$6,451
Reserve for Encumbrances, December 31	\$0	\$0

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

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$363,500	\$674,287	\$0	\$1,037,787
Charges for Services	0	2,637	0	2,637
Licenses, Permits, and Fees	129,326	1,250	0	130,576
Fines and Forfeitures	0	0	0	0
Intergovernmental	299,346	265,762	0	565,108
Special Assessments	0	2,036	0	2,036
Earnings on Investments	82,808	8,029	6	90,843
Miscellaneous	27,345	13,238	0	40,583
	<u>902,325</u>	<u>967,239</u>	<u>6</u>	<u>1,869,570</u>
Cash Disbursements:				
Current:				
General Government	985,821	0	0	985,821
Public Safety	265,243	130,813	0	396,056
Public Works	16,943	218,055	0	234,998
Health	5,289	3,418	0	8,707
Conservation - Recreation	14,102	0	0	14,102
Capital Outlay	71,644	15,000	290,760	377,404
Debt Service:				
Redemption of Principal	0	0	0	0
Interest and Other Fiscal Charges	0	0	0	0
	<u>1,359,042</u>	<u>367,286</u>	<u>290,760</u>	<u>2,017,088</u>
Total Receipts Over/(Under) Disbursements	<u>(456,717)</u>	<u>599,953</u>	<u>(290,754)</u>	<u>(147,518)</u>
Other Financing Receipts / (Disbursements):				
Sale of Notes	0	0	0	0
Transfers-In	0	0	0	0
Transfers-Out	0	0	0	0
Advances-In	0	0	0	0
Advances-Out	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts / (Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(456,717)	599,953	(290,754)	(147,518)
Fund Cash Balances, January 1	<u>2,190,386</u>	<u>512,336</u>	<u>292,760</u>	<u>2,995,482</u>
Fund Cash Balances, December 31	<u>\$1,733,669</u>	<u>\$1,112,289</u>	<u>\$2,006</u>	<u>\$2,847,964</u>
Reserve for Encumbrances, December 31	<u>\$11,601</u>	<u>\$467</u>	<u>\$0</u>	<u>\$12,068</u>

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

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Fiduciary Fund Type	Totals (Memorandum Only)
	Agency	
Operating Cash Receipts:		
Charges for Services	\$0	\$0
Licenses, Permits and Fees	3,211	3,211
	3,211	3,211
Total Operating Cash Receipts	3,211	3,211
Operating Cash Disbursements:		
Salaries	0	0
Employee Fringe Benefits	0	0
Purchased Services	0	0
Supplies and Materials	0	0
Claims	0	0
Other	73	73
	73	73
Total Operating Cash Disbursements	73	73
Operating Income/(Loss)	3,138	3,138
Non-Operating Cash Receipts:		
Other Non-Operating Cash Receipts	0	0
	0	0
Total Non-Operating Cash Receipts	0	0
Non-Operating Cash Disbursements:		
Other Non-Operating Cash Disbursements	0	0
	0	0
Total Non-Operating Cash Disbursements	0	0
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	3,138	3,138
Transfers-In	0	0
Transfers-Out	0	0
Advances-In	0	0
Advances-Out	0	0
	0	0
Net Receipts Over/(Under) Disbursements	3,138	3,138
Fund Cash Balances, January 1	13,094	13,094
Fund Cash Balances, December 31	\$16,232	\$16,232
Reserve for Encumbrances, December 31	\$0	\$0

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





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*

Carlisle Township
Lorain County
11969 LaGrange Road
LaGrange, Ohio 44050

We were engaged to audit the basic financial statements of Carlisle Township, Lorain County, Ohio (the Township) as of and for the years ended December 31, 2007 and December 31, 2006 and have issued our report thereon dated November 25, 2008. We rendered an adverse opinion on the Township's statements due to the financial statement presentation format and because of the omission of all disclosures accounting principles generally accepted in the United States requires. We also rendered an adverse opinion on the Township's fund cash balances on its regulatory-basis statements. We also disclaimed an opinion on the Township's regulatory basis receipts and disbursements because of the Township's inability to provide accurate and complete financial reports and evidential matter to properly support any of its transactions. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the

Internal Control Over Financial Reporting (Continued)

Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-006.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings number 2007-001 through 2007-006 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated November 25, 2008

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 engagement to 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 2007-001 through 2007-003 and 2007-007 through 2007-010.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated November 25, 2008.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 25, 2008

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31 2007 AND DECEMBER 31, 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Accounting System – Receipt Cycle – Material Weakness and Noncompliance Finding

An entity's accounting system encompasses the sequence of steps followed in the accounting process, from analyzing and recording transactions, posting entries, adjusting and closing accounts, and preparing financial statements. During the testing of the Township's receipting process or recording of transactions the following accounting weakness was noted:

- The Township did not maintain a complete and accurate cash receipts journal.

In addition to the Township's failure to maintain a cash receipts journal several receipt mispostings to the Township's records and draft financial statements were noted. Mispostings or the Township's failure to report revenues included:

- Real Property Taxes, Personal Property Taxes, Homestead/Rollback reimbursements, Exempt Personal Property Taxes, Manufactured Home Taxes, Permissive Motor Vehicle Taxes, Public Utility reimbursements, CAT Tax reimbursements, Local Government Support, Local Government Revenue Assistance Intangible Tax reimbursements and Liquor Permit revenues were improperly posted to the wrong funds and/or to the wrong line items.
- The Personal Property Taxes were posted net, not gross.
- Motor Vehicle License intergovernmental revenue and other intergovernmental revenues were improperly posted as taxes.
- Special Assessments were posted as intergovernmental revenue in the special revenue funds.
- Expenditures for \$6,710 were posted to the special revenue zoning fund as intergovernmental revenue.
- The 2006 Fire Training Grant (\$2,750) was improperly posted to an incorrect special revenue fund as miscellaneous rather than intergovernmental revenue.
- A portion of the 2006 Lorain County Solid Waste Management Grant (\$7,283) was posted into the general fund.
- The 2007 Close the Loop Grant (\$9,836) was improperly posted to the wrong special revenue fund.
- There was \$ 7,393 of Local Government Support, which was improperly posted into the 2006 Close the Loop Grant.
- The Township did not report the 2006 Ohio Public Works Commission revenue (\$127,477) in the correct fund; amounts were improperly reported in a special revenue fund.
- There was \$3,379 of taxes for a special revenue fund that was recorded as sale of notes in the debt service fund in 2007.
- Licenses, permits and fees revenue were posted as earnings on interest in the special revenue fund.
- Charges for services and miscellaneous amounts were posted as licenses, permits and fees revenue.
- Commercial Building Permits were not posted properly to the general fund and agency fund.
- The Fiscal Officer was not making deposits timely and was holding onto deposits for unreasonable periods of time.
- The Fiscal Officer was not posting revenue amounts to the UAN system timely.
- The various departments accepting monies were not depositing funds with the Fiscal Officer or designated depository timely and in accordance with the law.

The Township's failure to maintain, record and reconcile receipts with a cash receipts journal and statements in a complete and accurate manner resulted in a significant loss of control over this accounting transaction cycle.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31 2007 AND DECEMBER 31, 2006
(CONTINUED)**

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

FINDING NUMBER 2007-001 (Continued)

Accounting System – Receipt Cycle – Material Weakness and Noncompliance Finding (Continued)

As a result, the annual financial statements filed with the Auditor of State under Ohio Rev. Code Section 117.38 for 2007 and 2006, were incomplete and inaccurate.

We recommend the Township re-evaluate its methods for the processing of receipts, develop and approve a receipt policy that guides those responsible for this accounting transaction cycle and provide the necessary training to meet its accounting needs. The Township should post receipts to the proper funds and line items within each fund. The receipt postings should be accurate and complete and in accordance with the revenue's purpose. A Township employee or trustee independent of the receipt posting procedure should review the cash receipts journal for accuracy.

We recommend that when the Township has any uncertainty when classifying receipts, to contact an appropriate source for guidance. That source may include the Auditor of State; however, the Township must recognize the Independence Standards that keep the Auditor of State from posting transactions on the Township's behalf. Routine advice does not compromise this principle. The Township must practice due diligence in preparing its annual financial report.

Officials' Response:

The Trustees are in agreement regarding the lack of controls in the area of recording receipts. We have implemented policies with the new Fiscal Officer to ensure the correction of this material weakness. Receipts will be reconciled with County records as well as bank statements to ensure this is corrected.

The former Fiscal Officer indicated the Township hired a CPA accounting firm that was paid to put a set of statements in order for the Township. The accounting firm also prepared a cash receipts journal.

Auditor of State Conclusion:

The Township hired the CPA firm after the Auditor of State brought these matters to management's attention.

FINDING NUMBER 2007-002

Accounting System – Expenditure Cycle – Material Weakness and Noncompliance Finding

In addition to the receipt cycle mentioned in Finding 2007-001, another major transaction cycle of the Township is the expenditure cycle. During the testing of the Township's expenditure process the following accounting weaknesses were noted:

- The Township did not provide a check register that listed payments in sequential order.
- The Township's checks were issued out of numerical sequence.
- Checks numbers per UAN did not agree to actual check number issued.
- In 2006, 17 of 24 transactions tested and in 2007, 25 of 36 transactions tested were posted to incorrect program and/or object codes in UAN. This caused expenditures to be misclassified on the financial statements.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31 2007 AND DECEMBER 31, 2006
(CONTINUED)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-002 (Continued)

Accounting System – Expenditure Cycle – Material Weakness and Noncompliance Finding (Continued)

- The Township failed to properly encumber expenditures. In 2007, 36 out of 60 expenditures tested were not properly encumbered. Similarly, in 2006, 18 out of 36 expenditures tested were not properly encumbered.
- The Township failed to record \$127,477 of Ohio Pubic Works Commission expenditures in 2006.
- The Township failed to record \$172,192 of Thomasson Mitigation (FEMA) Grant expenditures in 2006.
- The Township failed to record the actual 2006 debt service redemption of principal and interest payments in the debt service fund.
- The Township recorded an erroneous debt service payment in the capital projects fund in 2006 that did not actually occur.
- The Township incorrectly recorded the debt service redemption of principal and interest payments in the general fund and fire levy fund in 2007.
- The Township's failed to file supporting documentation for disbursements in an orderly fashion. Vouchers were filed in folders by the month in which they cleared the bank. Check numbers often varied from the check number in the Township's accounting system; therefore, making it difficult to track which monthly folder the voucher was located in.

The Township's failure to maintain, record, and reconcile expenditure payments with the check register and bank statements in a complete and accurate manner resulted in significant inaccuracies as reported above.

As a result, the annual financial statements filed with the Auditor of State under Ohio Rev. Code Section 117.38 for 2007 and 2006, were incomplete and inaccurate.

We recommend the Township re-evaluate its methods for the processing of expenditures, develop and approve an expenditure policy that guides those responsible for this accounting transaction cycle and provide the necessary training to meet its accounting needs. Also, a Township Trustee should sign off monthly on all material expenditure transactions. We further recommend that when the Township has any uncertainty when classifying disbursements, to contact an appropriate source for guidance. That source may include the Auditor of State; however, the Township must recognize the Independence Standards that keep the Auditor of State from posting transactions on the Township's behalf. Routine advice does not compromise this principle. The Township must practice due diligence in preparing its annual financial report.

Officials' Response:

The Trustees are in agreement regarding the lack of controls in the area of recording expenditures. We have implemented policies with the new Fiscal Officer to ensure the correction of this material weakness. A Township Trustee will sign off on all material expenditure transactions, and expenditures will be reconciled to bank statements, disbursements, and check registers on a monthly basis.

The former Fiscal Officer indicated that due to a system failure items were not posted. The Township hired a CPA accounting firm that was to make all corrections in an accurate manner. The Auditor of State should have received an accurate set of financial statements.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31 2007 AND DECEMBER 31, 2006
(CONTINUED)**

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

FINDING NUMBER 2007-002 (Continued)

**Accounting System – Expenditure Cycle – Material Weakness and Noncompliance Finding
(Continued)**

Auditor of State Conclusion:

We found no evidence during our audit that a system failure occurred or any record of the Township's attempt to communicate a system failure with UAN. Also, the Township hired the CPA firm after the Auditor of State brought these matters to management's attention.

FINDING NUMBER 2007-003

Bank Reconciliations – Material Weakness and Noncompliance Finding

A necessary step in the internal controls over the Township's treasury cycle and overall financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. The Township did not prepare accurate or complete monthly bank reconciliations to balance total deposits and investments per the bank statements to total fund balances on the accounting system. At the end of 2007, the Township's accounting system had overstated total fund balances by \$1,396,753. At the end of 2006, the Township's accounting system had overstated total fund balances by \$1,079,080.

Consequently, the failure to prepare complete and accurate bank reconciliations, along with the weaknesses reported in receipt and expenditure processing, heavily contributed towards the Township preparing erroneous annual financial reports submitted to the Auditor of State's office and financial statements that misstated the Township's financial activity for the two year period. The overstated system balances were due to prior year and current year mispostings of receipts and disbursements, unrecorded receipts and disbursements, and incorrect system bank account and investment amounts. Failure to maintain complete and accurate bank reconciliations along with accurately maintained Township accounting records 1) reduces the accountability over Township funds, 2) reduces the Trustee's ability to monitor financial activity, 3) increases the likelihood that monies will be misappropriated and not detected, and 4) increases the likelihood the Township's financial statements will be misstated.

As a result, the annual financial statements filed with the Auditor of State under Ohio Rev. Code Section 117.38 for 2007 and 2006, were incomplete and inaccurate.

We recommend the Township exercise due professional care when performing month-end bank reconciliations. We recommend the Township's bank accounts be reconciled, on a monthly basis, by a responsible employee and reviewed for completeness and accuracy by a Township official independent of the reconciliation process. The individual performing the bank reconciliation should provide evidence that it was performed and reflect all applicable records needed in order to complete the reconciliation. Township officials should monitor the reconciliation process, on a timely basis, to ensure that monthly bank reconciliations are being performed. The Township's Fiscal Officer (Clerk) should post receipt and expenditure activity to the Township's accounting system at the time the monies are received and expenditures are made. Any discrepancies in the reconciliation process should be reviewed immediately.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31 2007 AND DECEMBER 31, 2006
(CONTINUED)**

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

FINDING NUMBER 2007-003 (Continued)

Bank Reconciliations – Material Weakness and Noncompliance Finding (Continued)

Officials' Response:

The Trustees agree with the finding regarding the lack of bank reconciliations at month end. All bank accounts are now reconciled on a monthly basis.

The former Fiscal Officer indicated that professional care was hired to post receipts and expenditures. A reconciliation was prepared and reviewed immediately.

Auditor of State Conclusion:

The Township implemented the corrective actions described above only after the Auditor of State brought these to management's attention.

FINDING NUMBER 2007-004

Financial Report Reviews – Material Weakness

Monthly financial reports should be submitted to the Board of Trustees for review and approval during monthly meetings. The monthly financial reports should be given to the Board of Trustees and maintained and documented in the Minutes. These monthly financial reports should be kept as additional evidence of review and approval. The Board of Trustees should sign-off on these financial reports to further indicate their examination and agreement.

There appeared to be a lack of control over the review and approval of financial statements and records as documented in the Minutes. It was noted that the last set of financial statements from the Fiscal Officer that were reviewed and approved by the Board of Trustees was July 2006, which were approved in September 2006. It was not apparent if the Board of Trustees received or reviewed August 2006 to December 2007 financial statements and records from the Fiscal Officer.

We recommend that monthly reports be reviewed and approved by Motion in the Minutes. Further, the monthly financial reports should be signed or initialed by the Board of Trustees to indicate review and approval by the Township and should be kept on file with the Fiscal Officer.

Officials' Response:

The Trustees agree with the finding and recommendation to have the monthly financial reports reviewed by the Board of Trustees. Procedures are being implemented to ensure that monthly reports are reviewed and approved by the Board of Trustees. The reviewed financial reports will be signed off by the Board indicating approval, and a copy of the review and approval of the monthly reports will be kept on file with the Fiscal Officer.

The former Fiscal Officer indicated that financial statements were given to the Board of Trustees before every meeting and were approved at every meeting until one Board member refused to accept the financials even after the CPA accounting firm was hired to make any corrections.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31 2007 AND DECEMBER 31, 2006
(CONTINUED)**

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

FINDING NUMBER 2007-004 (Continued)

Financial Report Reviews – Material Weakness (Continued)

Auditor of State Conclusion:

The Board member's concern over accepting the financial statements and records related to their continuing concern over their accuracy. The Township should continue to adhere to the recommendation above, in accordance with the Trustee's response.

FINDING NUMBER 2007-005

Minute Records – Material Weakness

The Minutes for the Board of Trustee meetings should be signed at consistent intervals. The Minutes of a Regular or Special Meeting of any such public body shall be promptly recorded and open to public inspection. A Resolution is a formal decision or regulation of the Board of Township Trustees. The action or decision which he/she proposes is the "resolution", which if it is accepted by a majority vote, becomes the decision or regulation of the Board. All Resolutions passed by the Board should be entered into the official proceedings of the Township.

After a detailed review of the Minute Records, it was determined that there were weaknesses in the Township's Minute Records. There were thirteen Regular and Special Meetings, which were not properly signed by the Fiscal Officer (three meetings the Official was absent for and therefore should have been approved by another representative of the Township). There were fifteen meetings of which the Fiscal Officer attested to the accuracy of the records; however, records of the meetings do not list her as an attendee; therefore her testament of the Minutes was not appropriate (a representative for her should have ascertained the accuracy of the Official records). Minute records were untimely signed by the Fiscal Officer and Board Chairman or other representative of the Board of Trustees. For example the May 7, 2007 meeting was signed on September 4, 2007, the August 20, 2007 meeting was signed on June 16, 2008 and the October 1, 2007 meeting was signed on August 8, 2008. In some instances, stamped signatures were used in attesting to the accuracy of the Minutes. Further, there were "copies" included as official records. There were a number of Resolutions that were approved by the Board of Trustees that were not made a part of the Minute Records or were never made a part of other official Township records. The Resolutions that were not included as part of the official records included Resolutions 2007-06, 2007-22 and 2006-40. There also appeared to be a lack of control over the review and approval of financial statements/records in the Minutes. It was noted that the last set of financial statements from the Fiscal Officer that were reviewed and approved by the Board was July 2006, which were approved in September 2006. It was not apparent if the Board of Trustees received or reviewed August 2006 to December 2007 financial statements/records from the Fiscal Officer.

The failure of the Township to maintain minute records with relevant information has contributed to the lack of existence, completeness, and accuracy of the financial statements.

We recommend the Trustees retroactively approve all Resolutions not included in the official Minute Records. We further advise the Township ensure the Official Records are complete and accurate prior to approval. Under normal procedures the Fiscal Officer should prepare the Minute Records and distribute them to the Trustees at the next meeting. The Trustees should review and approve the Minutes of the prior meeting by motion.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31 2007 AND DECEMBER 31, 2006
(CONTINUED)**

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

FINDING NUMBER 2007-005 (Continued)

Minute Records – Material Weakness (Continued)

Officials' Response:

The Trustees agree with the finding regarding the official record of minutes, and they have started the process to retroactively approve resolutions to satisfy the requirement that the records reflect complete and accurate prior approval.

The former Fiscal Officer indicated she typed the Minute Records from tape recordings and the Minutes were then distributed to the Trustees. The former Fiscal Officer also indicated a control deficiency existed with the Township's Administrative Assistant Office. The accuracy of the Official Records was changed by the Administrative Assistant.

Auditor of State Conclusion:

Regarding the former Fiscal Officer's response, the Township should implement procedures to safeguard the recordings from unauthorized access.

FINDING NUMBER 2007-006

Reconciliation of Township Payroll Documents – Material Weakness

A necessary step in the internal controls over the Township and overall financial reporting at year-end is to balance the payroll records (i.e., Payroll Reports, Time Sheets, Payroll Checks, etc.) to the Tax Records (i.e., W-3 Report, individual W-2's, Federal 941 Reports).

During the review of Federal 941 reports, it appeared the forms were not being completed accurately. It was also brought to our attention by Township Officials the 2006 941 reports were never filed with the federal government. In 2007, the Township contracted with ADP to process payroll transactions. ADP sends quarterly reports to the Township for a record of taxes withheld and remitted on the Township's behalf. The Township was unable to locate the 2nd and 3rd Quarter reports from ADP. These weaknesses did not enable us to determine if proper taxes were withheld and remitted for our audit period.

Without complete and accurate payroll preparation and reconciliation, the Township's internal control structure is weakened, which could hinder the timely detection of errors or irregularities by employees and/or management. Also, these weaknesses increase the risk of employees and the Township filing incorrect tax statements.

We recommend the Township prepare and complete accurate payroll records. Payroll reconciliations should be completed, in a timely manner, after month or fiscal year end. The Township should exercise due professional care when performing and preparing these important payroll documents. Township Official's should review and acknowledge the adequacy of the reconciliations. All reconciliation differences should be accounted for.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31 2007 AND DECEMBER 31, 2006
(CONTINUED)**

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

FINDING NUMBER 2007-006 (Continued)

Reconciliation of Township Payroll Documents – Material Weakness (Continued)

Officials' Response:

The Trustees agree with the finding and recommendation regarding the maintenance of complete and accurate payroll records. The Township has hired an outside payroll service to ensure all payroll is reported accurately and all returns and liabilities are filed and paid timely. The outside payroll records are reviewed monthly by the Fiscal Officer to ensure accuracy.

The Fiscal Officer indicated that corrections were made.

FINDING NUMBER 2007-007

Building Permit Revenue and Disbursement Activities – Noncompliance Finding

Ohio Rev. Code Section 3781.102 (E) and (F)(1) requires all subdivisions that prescribe fees for the acceptance and approval of plans and specifications, and for the making of all inspections pursuant to this section, collect and remit monthly, on behalf of the Board of Building Standards, an assessment equal to three percent of fees collected in connection with nonresidential buildings. Subsection (G)(1) requires that those local governments having to assess the three percent Board of Building Standards fee should account for the money in the industrial compliance operating fund created in Ohio Rev. Code Section 121.084.

The Township was properly collecting and remitting monthly to the Board of Building Standards an assessment equal to three percent of such fees; however, it was accounting for this activity in the general fund. Further, it was also accounting in an agency fund for various licenses, permits and fees revenue and disbursement activities, which are considered to be general operating activities of the Township. Thus, on the financial statements as completed by the Fiscal Officer, the agency fund is overstated by \$609 in 2007 and \$2,696 in 2006.

The Township should account for collecting and remitting, to the Board of Building Standards, an assessment equal to three percent of such fees in the industrial compliance operating fund created in Ohio Rev. Code Section 121.084 and it should account for all other permit revenue and disbursement activities in the general fund. Auditor of State Management Advisory Services Bulletin 93-11 also provides guidance on this procedure.

Officials' Response:

The Trustees agree with the finding that the Township should be recording the assessments collected on behalf of the Board of Building Standards in the industrial compliance operating fund while all other permit activity should be accounted for in the general fund. The Township has taken steps to ensure the activity is reported in the correct funds for 2008.

The former Fiscal Officer indicated the chart of accounts will be reviewed to determine the current coding of receipts and disbursements. A control deficiency exists within the Township; however, procedures should now be in place to correct this weakness.

CARLISLE TOWNSHIP
LORAIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31 2007 AND DECEMBER 31, 2006
(CONTINUED)

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

FINDING NUMBER 2007-008

Certification of Availability of Funds – Noncompliance Finding

Ohio Rev. Code Section 5705.41 (D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of an amount due thereon.

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

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

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

54 of 96 (56 percent) non-payroll purchase order transactions tested were not certified by the fiscal officer (clerk) at the time the commitment was incurred and there was no evidence the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash balances. Additionally, amounts were not being established by resolution by the Trustees for blanket certificates.

CARLISLE TOWNSHIP
LORAIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31 2007 AND DECEMBER 31, 2006
(CONTINUED)

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

FINDING NUMBER 2007-008 (Continued)

Certification of Availability of Funds – Noncompliance Finding (Continued)

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

We recommend the Township certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41 (D) requires to authorize disbursements. The fiscal officer (clerk) should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41 (D) are satisfied. The fiscal officer (clerk) should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

The Township Trustees should formally approve, by resolution, an amount that regular blanket purchase orders may not exceed as required by the aforementioned section of the code.

Officials' Response:

The Trustees agree with the finding regarding certification of availability of funds as a key internal control in the disbursement process. The Township is now using purchase orders to certify the availability of funds unless a "Then and Now" certificate, Blanket, or Super Blanket Certificate applies. The Board of Trustees will review and ensure there is an approved amount, by resolution that regular blanket purchase orders may not exceed.

The former Fiscal Officer indicated the Trustees approved expenditures and contracts without any knowledge of fund balances. This is the reason the former Fiscal Officer never signed purchases timely. There was a lack of control over accounting procedures to which the Trustees did not follow. The former Fiscal Officer indicated that while she received no support from the Trustees, she also informed the Trustees that they could not spend Township monies resulting in a significant deficiency over these transactions.

FINDING NUMBER 2007-009

Depositing – Noncompliance Finding

Ohio Rev. Code Section 9.38 provides that public money should be deposited by a public official other than a state officer, employee or agent with the treasurer of the public office or to a designated depository on the business day following the day of receipt if the total amount exceeds \$1,000. Public money collected for other public offices must be deposited by the first business day following the date of receipt. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, the Township may adopt a policy permitting their employees who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. The policy must include provisions and procedures to safeguard the money during the intervening period.

During fiscal years 2007 and 2006 licenses, permits and fees receipts in the General Fund and Agency Fund were not deposited timely for 29 of the 69 (42%) transactions tested. The licenses, permits and fees receipts exceeded \$1,000 and were held longer than 1 business day. The monies collected were maintained in a secure safe, until monies were deposited at their designated time.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31 2007 AND DECEMBER 31, 2006
(CONTINUED)**

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

FINDING NUMBER 2007-009 (Continued)

Depositing – Noncompliance Finding (Continued)

Also, through our testing of Intergovernmental receipts, it appeared the Fiscal Officer was holding significant amounts of cash and checks for an unreasonable time. There was a receipt for \$44,561 that was dated by the County on May 2, 2006; however, the Fiscal Officer did not deposit the check until May 31, 2006. A receipt for the 2006 Close the Loop Grant in the amount of \$10,000 was dated by the County on December 11, 2006; however, it was not deposited until January 3, 2007. The February 2007 Estate Settlement for \$64,375 was remitted by the County on May 7, 2007 and eventually deposited by the Fiscal Officer May 12, 2007. There were other instances where it appeared the Fiscal Officer was not posting and recording receipts to the financial system timely. Holding significant amounts of cash for unreasonable periods of time exposes the Township to the risks of theft.

We recommend all receipts be deposited timely in accordance with the Ohio Rev. Code.

We also recommend the Trustees approve a policy over depositing procedures to ensure the Fiscal Officer deposits all cash and checks with the designated depository on the business day following the day of receipt or other time as specified. Significant amounts of cash or checks should be deposited in a timely manner.

Officials' Response:

The Trustees agree with the finding and have ensured the new Fiscal Officer will deposit all cash and checks by the day following the day of receipts. The Fiscal Officer will also post all receipts to the accounting system in a timely manner as specified in the Township's policies pertaining to deposits and the recording of receipts.

The former Fiscal Officer indicated that a control deficiency exists. The licenses and permits receipts were held by the building department until a large amount was collected and only then was it turned into the Fiscal Officer. The intergovernmental receipts were not mailed directly to the former Fiscal Officer. The administrator had control. Other various departments accepting monies were not depositing funds with the former Fiscal Officer.

FINDING NUMBER 2007-010

Overpayments – Fiscal Officer – Finding For Recovery

Ohio Rev. Code Section 149.351 (A) states, in part, that "all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission."

Ohio Rev. Code Section 515.12 provides that the Fiscal Officer may only be compensated for the initial certification at the beginning of a lighting district contract. In subsequent years, the Fiscal Officer is only entitled to these fees for any changes or additions to assessments.

In 2007 and 2006, the Township's Fiscal Officer, Barbara A. VanMeter received \$1,052.59 in payments for unsupported expenditures, inaccurate mileage reimbursement calculations, and street light assessment fees to which she was not entitled, as indicated in the charts below.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31 2007 AND DECEMBER 31, 2006
(CONTINUED)**

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

FINDING NUMBER 2007-010 (Continued)

Overpayments – Fiscal Officer – Finding For Recovery (Continued)

Below is a list of payments made to the (former) Fiscal Officer, Ms. VanMeter, in which: 1) the purpose of the expenditure was unknown and/or the Township failed to support the expenditure, 2) a calculation error occurred, and/or 3) the expenditure was unauthorized by law:

Date	UAN Check #	Amount	Description of Expenditure	Reason For Finding	Amount of Finding
11/29/07	6416	216.06	No Support	No Support	\$60.00
09/30/07	6267	256.02	No Support	No Support	64.02
09/09/07	6205	300.00	Street Light Assessment Fee	Not Entitled	300.00
08/20/07	6118	191.70	No Support	No Support	91.70
07/07/07	6011	125.45	No Support	No Support	23.90
04/27/07	5777	184.00	Mileage Reimbursement	Calculation Error	11.96
03/09/07	5712	180.91	No Support	No Support	24.01
01/15/07	5534	193.49	Mileage Reimbursement	No Support	57.00
12/18/06	5400	334.90	No Support	No Support	78.00
09/06/06	4951	307.00	Street Light Assessment Fee	Not Entitled	307.00
04/17/06	4474	253.20	No Support	No Support	17.00
02/10/06	4241	368.02	Mileage Reimb., Training, Food	No Support	18.00
				Total	\$1,052.59

Below is a list of the same payments made in the preceding table; however, this table also includes the Township Officials who signed each Township check:

Date	UAN Check #	Amount	Amount of Finding	Check Signed By VanMeter	Check Signed By Wright	Check Signed By Taylor	Check Signed By White
11/29/07	6416	216.06	60.00	Yes	Yes	Yes	Yes
09/30/07	6267	256.02	64.02	Yes	Yes	No	Yes
09/09/07	6205	300.00	300.00	Yes	Yes	Yes	Yes
08/20/07	6118	191.70	91.70	Yes	Yes	Yes	Yes
07/07/07	6011	125.45	23.90	Yes	Yes	Yes	No
04/27/07	5777	184.00	11.96	Yes	Yes	Yes	Yes
03/09/07	5712	180.91	24.01	Yes	Yes	Yes	Yes
01/15/07	5534	193.49	57.00	Yes	Yes	Yes	Yes
12/18/06	5400	334.90	78.00	Yes	Yes	Yes	No
09/06/06	4951	307.00	307.00	Yes	Yes	Yes	Yes
04/17/06	4474	253.20	17.00	Yes	Yes	Yes	No
02/10/06	4241	368.02	18.00	Yes	Yes	Yes	Yes
		Total	\$1,052.59	\$1,052.59	\$1,052.59	\$988.57	\$933.69

CARLISLE TOWNSHIP
LORAIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31 2007 AND DECEMBER 31, 2006
(CONTINUED)

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

FINDING NUMBER 2007-010 (Continued)

Overpayments – Fiscal Officer – Finding For Recovery (Continued)

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 made is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074: Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten*, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and 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.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued jointly and severally against, Robert C. White for \$933.69 of the \$1,052.59, Berry A. Taylor for \$988.57 of the \$1,052.59 and their bonding company, the Ohio Township Association Risk Management Authority. The finding for recovery is in favor of the Township's General Fund.

In addition, Barbara VanMeter, former Fiscal Officer, James L. Wright, Trustee, and the Ohio Township Association Risk Management Authority, their bonding company, are jointly and severally liable, in the amount of \$1,052.59 and in favor of the Township's General Fund.

Officials' Response:

The Trustees are reviewing the Auditor's findings with reference to overpayments to the previous Fiscal Officer. It is our understanding that the previous Fiscal Officer, Barbara VanMeter, is primarily liable for the detailed illegal expenditures and that the Board of Trustees is secondarily liable for such expenditures.

The former Fiscal Officer indicated that she submitted the original documents to the Township. The former Fiscal Officer indicated she was informed by the Fiscal Officer prior to her that she was entitled to take fifty cents per parcel for recording special assessments to the County Auditor's Office. She indicated that she will pay back the six hundred seven (\$607) dollars in fees for the years 2007 and 2006. The former Fiscal Officer also indicated she tried to duplicate copies showing travel for mileage reimbursement which occurred over two years ago. The finding was repaid and documented on January 14, 2009.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND DECEMBER 31, 2006**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected ?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> : <i>Explain:</i>
2005-001	Accounting System – Receipt Cycle – Material Weakness and Noncompliance Finding – The Township’s receipting process or recording of transactions involved several accounting weaknesses.	No	Reissued as Schedule of Findings item 2007-001.
2005-002	Accounting System – Expenditure Cycle – Material Weakness and Noncompliance Finding – The Township’s expenditure process involved several accounting weaknesses.	No	Reissued as Schedule of Findings item 2007-002.
2005-003	Bank Reconciliations – Material Weakness and Noncompliance Finding – The Township failed to perform timely and accurate bank reconciliations.	No	Reissued as Schedule of Findings item 2007-003
2005-004	Minute Records – Material Weakness – The Township’s Minute Records were either not present or approved. Further, the Minutes failed to contain a number of resolutions.	No	Reissued as Schedule of Findings item 2007-005
2005-005	Reconciliation of Township Payroll Documents – Material Weakness – The Township failed to prepare and maintain certain payroll records and failed to reconcile the payroll account and file tax statements.	No	Reissued as Schedule of Findings item 2007-006
2005-006	Building Permit Revenue and Disbursement Activities – Noncompliance Finding – The Township failed to account for activity in the proper fund(s).	No	Reissued as Schedule of Findings item 2007-007
2005-007	Certification of Availability of Funds – Noncompliance Finding – Purchase order transactions tested were not certified by the Fiscal Officer at the time the commitment was incurred.	No	Reissued as Schedule of Findings item 2007-008

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND DECEMBER 31, 2006
(Continued)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected ?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: <i>Explain:</i>
2005-008	Establishment of Special Funds – Noncompliance Finding – The Township did not establish certain funds as required.	Yes	
2005-009	Transfers and Advances – Noncompliance Finding – The Township made inter-fund movements of money contrary to the Ohio Revised Code.	No	Reissued as management letter recommendation.
2005-010	Payroll Overpayment – Fiscal Officer – Finding for Recovery – The Township’s Fiscal Officer received more payroll compensation than allowed.	Yes	Finding repaid.
2005-011	Payroll Overpayment – Trustees – Finding for Recovery – The Township’s Trustees received more payroll compensation than allowed.	Yes	Findings repaid.



Mary Taylor, CPA
Auditor of State

CARLISLE TOWNSHIP

LORAIN 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 20, 2009**