



**CARRYALL TOWNSHIP  
PAULDING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2005 & 2006**



**Mary Taylor, CPA**  
Auditor of State



CARRYALL TOWNSHIP  
PAULDING COUNTY

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**Mary Taylor, CPA**  
Auditor of State

Carryall Township  
Paulding County  
203 Cleveland Street  
P.O. Box 652  
Antwerp, Ohio 45813-0652

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Mary Taylor, CPA**  
Auditor of State

September 19, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Carryall Township  
Paulding County  
203 Cleveland Street  
P.O. Box 652  
Antwerp, Ohio 45813-0652

To the Board of Trustees:

We have audited the accompanying financial statements of Carryall Township, Paulding County, (the Township) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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 opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Carryall Township, Paulding County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The 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 September 19, 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.



**Mary Taylor, CPA**  
Auditor of State

September 19, 2007

**CARRYALL TOWNSHIP  
PAULDING COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$36,222	\$56,843	\$93,065
Licenses, Permits, and Fees	505		505
Intergovernmental	49,088	104,494	153,582
Earnings on Investments	1,898	1,921	3,819
Miscellaneous		57	57
	<u>87,713</u>	<u>163,315</u>	<u>251,028</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	30,345		30,345
Public Safety	4,339	10,245	14,584
Public Works		142,116	142,116
Health	398	12,293	12,691
Capital Outlay	28,834		28,834
Debt Service:			
Redemption of Principal		13,262	13,262
Interest and Other Fiscal Charges		775	775
	<u>63,916</u>	<u>178,691</u>	<u>242,607</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>23,797</u>	<u>(15,376)</u>	<u>8,421</u>
Fund Cash Balances, January 1	<u>26,170</u>	<u>135,395</u>	<u>161,565</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$49,967</u></b>	<b><u>\$120,019</u></b>	<b><u>\$169,986</u></b>

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

**CARRYALL TOWNSHIP  
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$35,136	\$55,333	\$90,469
Licenses, Permits, and Fees	490		490
Intergovernmental	16,675	103,894	120,569
Earnings on Investments	1,528	683	2,211
Miscellaneous	9	3,193	3,202
	<u>53,838</u>	<u>163,103</u>	<u>216,941</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	28,565		28,565
Public Safety	4,353	10,062	14,415
Public Works		115,208	115,208
Health	235	12,074	12,309
Conservation - Recreation	1,000		1,000
Debt Service:			
Redemption of Principal		13,109	13,109
Interest and Other Fiscal Charges		928	928
	<u>34,153</u>	<u>151,381</u>	<u>185,534</u>
<b>Total Cash Disbursements</b>			
<b>Total Cash Receipts Over Cash Disbursements</b>	<u>19,685</u>	<u>11,722</u>	<u>31,407</u>
Fund Cash Balances, January 1	<u>6,485</u>	<u>123,673</u>	<u>130,158</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$26,170</b></u>	<u><b>\$135,395</b></u>	<u><b>\$161,565</b></u>
Reserve for Encumbrances, December 31		<u><u>\$3,856</u></u>	<u><u>\$3,856</u></u>

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

**CARRYALL TOWNSHIP  
PAULDING COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Carryall Township, Paulding County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance. The Township contracts with the Village of Antwerp to provide fire and emergency medical services.

The Township participates in a jointly governed organization held in the Ohio Township Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statements provide additional information for these entities.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

The Township accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposits at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**CARRYALL TOWNSHIP  
PAULDING COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**2. Special Revenue Funds**

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

Motor Vehicle License Tax Fund – This fund receives motor vehicle license tax funds for the constructing, maintenance, repairing Township roads and bridges.

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

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

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

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

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

**CARRYALL TOWNSHIP  
PAULDING COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH**

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

	2006	2005
Demand deposits	\$129,156	\$161,565
Certificates of deposit	40,830	
Total deposits	\$169,986	\$161,565

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

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

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,900	\$87,713	\$33,813
Special Revenue	163,431	163,315	(116)
Total	\$217,331	\$251,028	\$33,697

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$64,500	\$63,916	\$584
Special Revenue	279,287	178,691	100,596
Total	\$343,787	\$242,607	\$101,180

**CARRYALL TOWNSHIP  
PAULDING COUNTY**

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

**3. BUDGETARY ACTIVITY – (CONTINUED)**

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,900	\$53,838	(\$62)
Special Revenue	148,457	163,103	14,646
Total	\$202,357	\$216,941	\$14,584

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$40,000	\$34,153	\$5,847
Special Revenue	218,957	155,237	63,720
Total	\$258,957	\$189,390	\$69,567

Contrary to Ohio law, the Township allocated expenditures made for fire made for fire protection services to the Road and Bridge Fund and the Motor Vehicle License Tax Fund in the amounts of \$3,534 and \$9,800.

**4. PROPERTY TAX**

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

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

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

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

**CARRYALL TOWNSHIP  
PAULDING COUNTY**

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

**5. DEBT**

Debt outstanding at December 31, 2006 was as follows:

	Principal	Interest Rate
Bank Loan	\$13,630	2.85%

The Township obtained a loan to finance the purchase of a new tractor for Township road maintenance. The Township pledged the tractor as collateral for the loan. The Township makes an annual payment of \$14,036 from the Gasoline Tax Fund to pay off the loan.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Bank Loan
2007	\$14,036

**6. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9 and 8.5 percent respectively of their gross salaries. The Township contributed an amount equal to 13.7 and 13.55 percent, respectively of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

**7. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**CARRYALL TOWNSHIP  
PAULDING COUNTY**

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

**7. RISK MANAGEMENT – (CONTINUED)**

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>

**CARRYALL TOWNSHIP  
PAULDING COUNTY**

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

**7. RISK MANAGEMENT – (CONTINUED)**

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$9,718. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**Contributions to OTARMA**

2004	\$5,118
2005	\$4,422
2006	\$4,859

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**8. JOINTLY GOVERNED ORGANIZATION;**

The Township is associated with the Antwerp Carryall Township Cemetery. One of the Township trustees is appointed to the Cemetery Board of Trustees. The Township collects revenues generated by a .6 mill cemetery levy. These proceeds are distributed to the Cemetery as received from the Paulding County Auditor. These distributions are included as cash disbursements and classified as Health on the Township's financial statements.

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# 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*

Carryall Township  
Paulding County  
203 Cleveland Street  
P.O. Box 652  
Antwerp, Ohio 45813-0652

To the Board of Trustees:

We have audited the financial statements of Carryall Township, Paulding County (the Township) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated September 19, 2007, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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. 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.

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.

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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.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-003 and 2006-004.

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 believe none of the significant deficiencies described above are material weaknesses. We also noted certain internal control matters that we reported to the Township's management in a separate letter dated September 19, 2007.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 through and 2006-004. We also noted certain noncompliance or other matters not requiring inclusions in this report that we reported to the Township's management in a separate letter dated September 19, 2007.

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



**Mary Taylor, CPA**  
Auditor of State

September 19, 2007

**CARRYALL TOWNSHIP  
PAULDING COUNTY**

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

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

**FINDING NUMBER 2006-001**

**Finding for Recovery**

Ohio Rev. Code § 505.601 allows a board of township trustees that does not provide township health insurance to reimburse any township officer or employee, up to a stated maximum, for each out-of-pocket premium that the officer or employee incurs for insurance policies described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains.

The Ohio Attorney General, in Opinion 2005-038, interprets this provision, and states that, if a board of township trustees chooses to reimburse its officers/employees for out of pocket costs associated with health insurance premiums, the board may reimburse only for the costs attributable to that individual officer or employee. There is no authority for a township to reimburse, pursuant to ORC § 505.601, for family coverage.

The Township reimbursed Greg Hughes, Township Trustee, for the total out-of-pocket premium for family health care coverage obtained through his employer. This reimbursement should have only been for the out-of-pocket premium related to Mr. Hughes.

Out-of Pocket Premuim (rate per month)	2006	2005	Total
Family Rate	\$222.00	\$172.50	
Single Rate	<u>(92.15)</u>	<u>(71.60)</u>	
	129.85	100.90	
Months in Year	<u>12</u>	<u>12</u>	
Annual Difference	<u><u>\$1,558.20</u></u>	<u><u>\$1,210.80</u></u>	<u><u>\$2,769.00</u></u>

In accordance with the forgoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Greg Hughes, Township Trustee of Carryall Township, Ohio Township Association Risk Management Authority, Mr. Hughes bonding company, Deborah Altic, Fiscal Officer of Carryall Township, Ohio Township Association Risk Management Authority, Deborah Altic's bonding company jointly and severally in the amount of \$2,769, and in favor of Carryall Township's Motor Vehicle License Tax Fund \$2,466.30 and the Road and Bridge Fund \$302.70.

**Official's Response**

Management did not respond to this comment.

**FINDING NUMBER 2006-002**

**Finding for Recovery**

Ohio Rev. Code § 505.601 allows a board of township trustees that does not provide township health insurance to reimburse any township officer or employee, up to a stated maximum, for each out-of-pocket premium that the officer or employee incurs for insurance policies described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains.

The Ohio Attorney General, in Opinion 2005-038, interprets this provision, and states that, if a board of township trustees chooses to reimburse its officers/employees for out of pocket costs associated with health insurance premiums, the board may reimburse only for the costs attributable to that individual officer or employee. There is no authority for a township to reimburse, pursuant to ORC § 505.601, for family coverage.

The Township reimbursed John B. Wyckoff, Township Trustee, for the total out-of-pocket premium for family health care coverage obtained through his employer. This reimbursement should have only been for the out-of-pocket premium related to Mr. Wyckoff.

<u>Out-of Pocket Premuim (rate per pay)</u>	<u>2006</u>	<u>2005</u>	<u>Total</u>
Family Rate	\$85.96	\$72.31	
Single Rate	(61.34)	(53.84)	
	24.62	18.47	
Pays in Year	24	24	
Annual Difference	<u>\$590.88</u>	<u>\$443.28</u>	<u>\$1,034.16</u>

In accordance with the forgoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against John Wyckoff, Township Trustee of Carryall Township, Ohio Township Association Risk Management Authority, Mr. Wyckoff's bonding company, Deborah Altic, Fiscal Officer of Carryall Township, Ohio Township Association Risk Management Authority, Deborah Altic's bonding company jointly and severally in the amount of \$1,034.16, and in favor of Carryall Township's Motor Vehicle License Tax Fund \$923.34 and the Road and Bridge Fund \$110.82.

**Official's Response:**

Management did not respond to this comment.

**FINDING NUMBER 2006-003**

**Noncompliance Citation and Significant Deficiency**

Ohio Revised Code Section 5705.06(F) allows a Township to authorize a levy for the construction, reconstruction, resurfacing, and repair of roads and bridges without vote of the people within ten-mill limitation. ORC § 5705.10 provides that all revenue derived from a source other than the general property tax and for which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Additionally, subsection (H) of that provision states that money paid into any fund shall be used only for the purposes for which such fund is established.

**FINDING NUMBER 2006-003  
(Continued)**

The Township has authorized such a levy and places the proceeds in the Road and Bridge fund.

In 2006, the Township paid costs related to fire protection in the amount of \$3,534 from the Road and Bridge Fund. As stated above, monies from this special fund can only be used for cost related to the construction, reconstruction resurfacing and repair of roads and bridges.

An adjustment was recorded to reallocate this expenditure to the General Fund.

The Fiscal Officer should review the Ohio Township Manual and Ohio Revised Code to determine allowable expenditures for each fund.

**Official's Response**

Management did not respond to this comment.

**FINDING NUMBER 2006-004**

**Noncompliance Citation and Significant Deficiency**

Ohio Revised Code Section 4503.02 requires the funds received from an annual license tax shall be used, in part, for planning, constructing, maintaining, repairing roads, highways, and streets, and maintaining and repairing bridges and viaducts. In addition, Article XII, Section 5a, of the Ohio Constitution states that no monies derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highways, or to fuels used for propelling such vehicles shall be expended for other than cost of administering such laws, statutory refund and adjustments provided therein, payment of highway obligations, cost for construction, reconstruction, maintenance and repair of public highways and bridges and other statutory highway purposes, expense of state enforcement of traffic laws, and expenditures authorized for hospitalization of indigent persons injured in motor vehicle accidents on public highways

The Township paid \$9,800 for the purchase of a fire truck from the Motor Vehicle License Tax Fund. Monies from this fund can only be used for cost related to planning, constructing, maintaining, repairing roads, highways, and streets and maintaining and repairing bridges and viaducts.

An adjustment was recorded to reallocate this expenditure to the General Fund.

The Fiscal Officer should review the Ohio Township Manual and Ohio Revised Code to determine allowable expenditures for each fund.

**Official's Response**

Management did not respond to this comment.

**CARRYALL TOWNSHIP  
PAULDING COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	Ohio Revised Code Chapter 5705.42 failure to record the receipt and disbursement of Ohio Public Works Commission Funds	Corrected	



**Mary Taylor, CPA**  
Auditor of State

**CARRYALL TOWNSHIP**

**PAULDING COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 18, 2007**