

**CARTHAGE TOWNSHIP**

Athens County

Regular Audit

January 1, 2004 through December 31, 2005

Fiscal Years Audited Under GAGAS: 2005 - 2004

**BALESTRA, HARR & SCHERER, CPAs, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS  
528 SOUTH WEST STREET, P.O. Box 687  
PIKETON, OHIO 45661

TELEPHONE (740) 289-4131

FAX (740) 289-3639

[www.bhscpas.com](http://www.bhscpas.com)





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Carthage Township  
23171 Township Road 119  
Coolville, Ohio 45723

We have reviewed the *Independent Auditor's Report* of Carthage Township, Athens County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

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BETTY MONTGOMERY  
Auditor of State

September 7, 2006

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**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

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**Independent Auditor's Report**

Board of Trustees  
Carthage Township  
23171 Township Road 119  
Coolville, Ohio 45723

We have audited the accompanying financial statements of the Carthage Township, Athens County, (the Township) as of and for the years ended December 31, 2005 and December 31, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the government 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

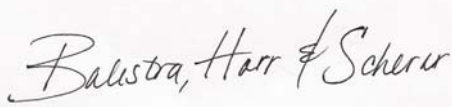
Revisions to GAAP require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and December 31, 2004. Instead of the funds accompanying financial statements presented for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts are materially misstated under 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 paragraph, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township's combined funds as of December 31, 2005 or December 31, 2004, or their 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 of the Carthage Township, Athens County, as of December 31, 2005 and December 31, 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion & Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion & Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2006, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

June 30, 2006

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 39,126	\$ 68,695	\$ 107,821
Charges for Services	79	588	667
Intergovernmental	27,165	162,782	189,947
Earnings On Investments	523	296	819
Other Revenue	1,782	-	1,782
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	68,675	232,361	301,036
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
General Government	52,489	-	52,489
Public Safety	-	57,530	57,530
Public Works	-	189,078	189,078
Health	1,622	-	1,622
Human Services	-	585	585
Debt Service:			
Principal Payments	25,759	-	25,759
Interest & Fiscal Charges	2,310	-	2,310
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	82,180	247,193	329,373
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over(Under) Cash Disbursements	(13,505)	(14,832)	(28,337)
Fund Cash Balances, January 1	12,680	91,716	104,396
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$ (825)</u>	<u>\$ 76,884</u>	<u>\$ 76,059</u>

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



**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 33,462	\$ 47,422	\$ 80,884
Charges for Services	426	402	828
Intergovernmental	20,805	137,043	157,848
Earnings On Investments	380	135	515
Other Revenue	753	-	753
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	55,826	185,002	240,828
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
General Government	49,649	-	49,649
Public Safety	-	21,185	21,185
Public Works	-	145,018	145,018
Health	266	-	266
Human Services	-	6,449	6,449
Miscellaneous Expense	-	-	-
Debt Service:			
Principal Payments	37,193	-	37,193
Interest & Fiscal Charges	3,450	-	3,450
Capital Outlay	-	-	-
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	90,558	172,652	263,210
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over(Under) Cash Disbursements	(34,732)	12,350	(22,382)
Fund Cash Balances, January 1	47,412	79,366	126,778
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$ 12,680</b>	<b>\$ 91,716</b>	<b>\$ 104,396</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Carthage Township, Athens County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees and a publicly-elected Clerk. The Township provides services that include road and bridge maintenance (public works), cemetery maintenance (health), and fire protection (public safety).

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash**

All cash assets are maintained in an interest-bearing checking account.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

*Road and Bridge Fund* – This fund receives property tax money to pay for constructing, maintaining and repairing Township roads.

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

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

**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, object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH**

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

	<u>2005</u>	<u>2004</u>
Demand Deposits	\$75,459	\$103,796
Certificate of Deposit	<u>600</u>	<u>600</u>
Total Deposits	<u>\$76,059</u>	<u>\$104,396</u>

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township.

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 33,826	\$ 68,675	\$ 34,849
Special Revenue	185,761	232,361	46,600
Total	<u>\$ 219,587</u>	<u>\$ 301,036</u>	<u>\$ 81,449</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$ 59,020	\$ 82,180	\$ (23,160)
Special Revenue	209,825	247,193	(37,368)
Total	<u>\$ 268,845</u>	<u>\$ 329,373</u>	<u>\$ (60,528)</u>

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 32,470	\$ 55,826	\$ 23,356
Special Revenue	128,797	185,002	56,205
Total	<u>\$ 161,267</u>	<u>\$ 240,828</u>	<u>\$ 79,561</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$ 80,268	\$ 90,558	\$ (10,290)
Special Revenue	207,889	172,652	35,237
Total	<u>\$ 288,157</u>	<u>\$ 263,210</u>	<u>\$ 24,947</u>

Contrary to Ohio law, expenditures exceeded appropriations in the General Fund for 2004 and 2005 and in the FEMA Funds for 2004 and Road and Bridge and FEMA Funds for 2005.

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20. Public utilities are also taxed on personal and real property located within the Township. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT** Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
General Obligation Note - Backhoe	\$9,784	5.69%
General Obligation Note – Tractor and Mower	22,201	3.00%
Total	\$31,985	

The Grader, Dump Truck, Backhoe, Tractor and Mower Notes were all issued to finance the purchase of new equipment to be used for Township road maintenance. The full faith and credit of the Township has been pledged to repay this debt.

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

Year Ending December 31:	Tractor and Mower Note	Backhoe Note	Totals
2006	\$11,553	\$10,341	\$21,894
2007	11,553		11,553
Total	\$23,106	\$10,341	\$33,407

**6. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all employer contributions required through December 31, 2005.

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**7. RISK MANAGEMENT  
Risk Pool Membership**

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.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including loss adjustments expense. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund Pays losses and loss adjustment expenses exceeding operating contributions.

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 township.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31, 2004 and 2003: Most recent information available:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

**8. Prior Period Restatement**

*Restatement of Fund Balances* The Fund balances at December 31, 2003 of the Governmental Funds were restated from amounts previously reported due to reclassifying the Cemetery Bequest Fund from a Fiduciary Fund to a Special Revenue Fund.

<u>Fund Type</u>	<u>Audited December 31, 2003 Balance</u>	<u>Adjustments</u>	<u>Restated January 1, 2004 Beginning Balance</u>
Special Revenue:			
Cemetery Bequest	\$ -	\$ 820	\$ 820
Fiduciary:			
Cemetery Bequest	<u>820</u>	<u>(820)</u>	<u>-</u>
Total	<u>\$ 820</u>	<u>\$ -</u>	<u>\$ 820</u>

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528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based  
on an Audit of Financial Statements Performed in Accordance with *Government Auditing  
Standards***

Board of Trustees  
Carthage Township  
23171 Township Road 119  
Coolville, Ohio 45723

We have audited the financial statements of the Carthage Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004 and have issued our report thereon dated June 30, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2005-003.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the only reportable condition described above is not a material weakness.

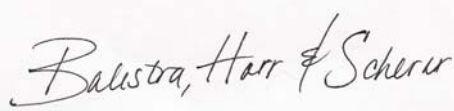


### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliances or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 and 2005-002.

We noted certain matters that we reported to management of the Township in a separate letter dated June 30, 2006.

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

June 30, 2006

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

**FINDING NUMBER 2005-001**

**Material Noncompliance - Negative Fund Balances**

Ohio Rev. Code Section 5705.10, provides that all money paid into a fund must be used only for purposes for which the fund was established. As a result, negative fund balances indicate that money from one fund was used to cover the expenses of another fund. The Township had significant negative fund balances in various funds, as follows:

Date	Fund	Balance
December 31, 2005	General	(\$825)

We recommend that the Township monitor their fund balances to ensure that funds are used solely for their intended purpose and to prevent negative fund balances.

**Response**

The Township will monitor budgetary activities more closely in the future to prevent over expenditures of funds.

**FINDING NUMBER 2005-002**

**Material Noncompliance/Reportable Condition – Disbursements exceeding appropriations**

Ohio Rev. Code, Section 5705.41 (B), states “ No subdivision is to expend money unless it has been appropriated.

Year	Fund/Expenditure	Appropriation Authority	Expenditure	Variance
2005	General/Note Principal Payment	9,257	25,759	(16,502)
2005	General/Note Interest Payment	1,083	2,310	(1,227)
2005	Road and Bridge/Public Works	49,086	58,350	(9,264)
2005	Road and Bridge/Public Safety	0	6,252	(6,252)
2005	FEMA/Repairs & Maintenance	0	26,296	(26,296)
2005	FEMA/Other Expenses	0	22,953	(22,953)
2004	General/Note Principal Payment	8,759	37,193	(28,434)
2004	General/Note Interest Payment	1,582	3,450	(1,868)
2005	FEMA/Other Expenses	8,385	41,454	(33,069)

We recommend the Township review the appropriation balances each month and approve appropriation amendments as needed, prior to expending funds in excess of existing appropriations at the legal level of control. Additionally, the Township Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Township Clerk may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**Response**

The Township Clerk will make an effort to monitor budgetary activity more closely.

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004 (Continued)**

**FINDING NUMBER 2005-003**

**Reportable Condition**

During our test of debt and receipts, it was noted the Township Clerk posted several receipts and debt payments to the incorrect line item and/or to the incorrect fund.

This resulted in many reclassifications and adjustments.

We recommend the Township Clerk review the UAN manual chart of accounts to determine the correct line items to post the receipts.

**Response**

The Township Clerk plans to review the UAN manual chart of accounts to determine the correct coding of receipts and disbursements.

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No
2003-001	ORC 5705.38 annual appropriation measure	Yes	
2003-002	ORC 5705.41 (B), Disbursements exceeding Appropriations	No	Repeated as finding 2005-002
2003-003	ORC 5705.41(D) encumbering funds	Yes	



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CARTHAGE TOWNSHIP**

**ATHENS 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  
SEPTEMBER 19, 2006**