



Mary Taylor, CPA  
Auditor of State



**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings .....	15
Schedule of Prior Audit Findings .....	18

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Mary Taylor, CPA  
Auditor of State

Carthage Township  
Athens County  
23171 Township Road 119  
Coolville, Ohio 45723

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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

April 22, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Carthage Township  
Athens County  
23171 Township Road 119  
Coolville, Ohio 45723

To the Board of Trustees:

We have audited the accompanying financial statements of Carthage Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008. 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 Government 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, 2009 and 2008 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, 2009 and 2008, 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 of Carthage Township, Athens County, Ohio, as of December 31, 2009 and 2008, 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 April 22, 2010, 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

April 22, 2010

**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, 2009**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 42,918	\$ 110,560	\$	\$ 153,478
Intergovernmental	33,531	133,360		166,891
Earnings on Investments	208	201	23	432
Miscellaneous	2,686	785	1,000	4,471
<b>Total Cash Receipts</b>	<u>79,343</u>	<u>244,906</u>	<u>1,023</u>	<u>325,272</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	72,675			72,675
Public Safety		23,732		23,732
Public Works	7,000	249,158		256,158
Human Services	8,799			8,799
<b>Total Cash Disbursements</b>	<u>88,474</u>	<u>272,890</u>	<u>0</u>	<u>361,364</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(9,131)	(27,984)	1,023	(36,092)
Fund Cash Balances, January 1	48,714	117,562	879	167,155
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 39,583</b></u>	<u><b>\$ 89,578</b></u>	<u><b>\$ 1,902</b></u>	<u><b>\$ 131,063</b></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, 2008**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 37,916	\$ 106,090	\$	\$ 144,006
Intergovernmental	36,998	132,294		169,292
Earnings on Investments	579	401	22	1,002
Miscellaneous	<u>342</u>			<u>342</u>
 Total Cash Receipts	 <u>75,835</u>	 <u>238,785</u>	 <u>22</u>	 <u>314,642</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	45,576			45,576
Public Safety		27,801		27,801
Public Works	1,240	207,047		208,287
Human Services	<u>3,242</u>			<u>3,242</u>
 Total Cash Disbursements	 <u>50,058</u>	 <u>234,848</u>	 <u>0</u>	 <u>284,906</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 25,777	 3,937	 22	 29,736
 Fund Cash Balances, January 1	 <u>22,937</u>	 <u>113,625</u>	 <u>857</u>	 <u>137,419</u>
 <b>Fund Cash Balances, December 31</b>	 <b><u>\$ 48,714</u></b>	 <b><u>\$ 117,562</u></b>	 <b><u>\$ 879</u></b>	 <b><u>\$ 167,155</u></b>

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

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**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 Carthage Township, Athens County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. Note 7 to the financial statements provide additional information for this entity.

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**

The Township values certificates of deposit at cost. All other available funds of the Township are 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 reports all financial resources except those required to be accounted for in another fund.

**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:

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, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

Road District Fund - This fund receives tax levy money for constructing, maintaining, and repairing Township roads.

**3. Permanent Funds**

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant Permanent Fund:

Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable corpus from trust agreements. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

**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 or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 canceled, and reappropriated in the subsequent year.

A summary of 2009 and 2008 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.

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(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 Deposits**

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

	2009	2008	
Demand deposits	\$ 129,463	\$ 166,555	
Certificates of deposit	1,600	600	
Total deposits	\$ 131,063	\$ 167,155	

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,611	\$79,343	\$39,732
Special Revenue	236,499	244,906	8,407
Permanent	612	1,023	411
Total	\$276,722	\$325,272	\$48,550

  

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$88,954	\$88,474	\$480
Special Revenue	351,081	272,890	78,191
Permanent	280	0	280
Total	\$440,315	\$361,364	\$78,951

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. Budgetary Activity (Continued)**

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,275	\$75,835	\$16,560
Special Revenue	223,115	238,785	15,670
Permanent	0	22	22
Total	\$282,390	\$314,642	\$32,252

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$113,856	\$50,058	\$63,798
Special Revenue	305,133	234,848	70,285
Permanent	220	0	220
Total	\$419,209	\$284,906	\$134,303

**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.

**5. 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does 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, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, 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 \$5,000.

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. Risk Management (Continued)**

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.

<b><u>Contributions to OTARMA</u></b>	
2007	\$5,941
2008	\$5,323
2009	\$5,682

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide 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.



# 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*

Carthage Township  
Athens County  
23171 Township Road 119  
Coolville, Ohio 45723

To the Board of Trustees:

We have audited the financial statements of Carthage Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 22, 2010, 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 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting that we consider material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 and 2009-002 described in the accompanying Schedule of Findings to be material weaknesses.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 22, 2010.

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 the management, the Board of Trustees and others within the Township. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

April 22, 2010

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

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

**FINDING NUMBER 2009-001**

**Material Weakness**

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2009, appropriations as certified by the County Budget Commission did not agree to the Township's ledgers or the budgetary statements for the following funds:

Fund	Appropriations per County Budget Commission	Amounts per Township Reports	Variance
General	\$88,954	\$102,646	(\$13,692)
Road District	59,182	74,259	(15,077)
Special Levy	21,101	67,929	(46,828)

At December 31, 2009, estimated receipts as certified by the County Budget Commission did not agree to the Township's ledgers or the budgetary statements for the following funds:

Fund	Estimated Receipts per County Budget Commission	Amounts per Township Reports	Variance
Road District	\$53,213	\$15,078	\$38,135
Special Levy	20,776	37,832	(17,056)
Permanent	612	12	600

At December 31, 2008, appropriations as certified by the County Budget Commission did not agree to the Township's ledgers or the budgetary statements for the following funds:

Fund	Appropriations per County Budget Commission	Amounts per Township Reports	Variance
General	\$113,856	\$147,590	(\$33,734)
Road District	53,443	61,424	(7,981)
Special Levy	22,318	28,318	(6,000)
Miscellaneous	0	6,884	(6,884)

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**FINDING NUMBER 2009-001 (Continued)**

**Material Weakness (Continued)**

At December 31, 2008, estimated receipts as certified by the County Budget Commission did not agree to the Township's ledgers or the budgetary statements for the following fund:

Fund	Estimated Receipts per County Budget Commission	Amounts per Township Reports	Variance
Gasoline Tax	\$88,759	\$88,852	(\$93)
Special Levy	21,936	27,936	(6,000)

Due to budgetary information being improperly entered into the system, the management of the Township lost some degree of budgetary control.

We recommend the Fiscal Officer accurately post estimated receipts and appropriations as approved by the Budget Commission into the computer system. This procedure will help ensure more useful comparisons of budget vs. actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**Officials' Response:** The Township will do their best to comply.

**FINDING NUMBER 2009-002**

**Material Weakness**

Sound financial reporting is the responsibility of the Fiscal Officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, we noted the following errors in the financial statements that required audit adjustment or reclassification:

2009:

- The Fiscal Officer improperly posted UAN fees to the Gasoline Tax Fund as Other Financing Uses (\$285).
- The Fiscal Officer improperly posted fire contract disbursements as Other Financing Uses (\$23,414).
- The Fiscal Officer improperly posted road related disbursements in the Gasoline Tax Fund as Other Financing Uses (\$21,906)
- The Fiscal Officer improperly posted Cemetery Bequest interest to the General Fund (\$11)
- The Fiscal Officer improperly posted General Fund confirmable receipts (\$5,299).
- The Fiscal Officer improperly posted Road and Bridge confirmable receipts (\$27,903).
- The Fiscal Officer improperly posted Road District confirmable receipts (\$51,637).
- The Fiscal Officer improperly posted Special Levy confirmable receipts (\$2,351).

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**FINDING NUMBER 2009-002 (Continued)**

**Material Weakness (Continued)**

2009: (Continued)

- The Fiscal Officer improperly posted Gasoline Tax Fund confirmable receipts (\$80).
- The Fiscal Officer improperly posted Local Government to the Motor Vehicle License Tax Fund (\$839)
- The Township received a \$1,000 cemetery bequest and invested the bequest in a certificate of deposit in 2009; however, the Fiscal Officer did not post it to the UAN system until 2010.

2008:

- The Fiscal Officer improperly posted road related disbursements in the Gasoline Tax Fund as Other Financing Uses (\$3,599)
- The Fiscal Officer improperly posted Cemetery Bequest interest to the General Fund (\$11)
- The Fiscal Officer improperly posted General Fund confirmable receipts (\$9,209).
- The Fiscal Officer improperly posted Road and Bridge confirmable receipts (\$6,099).
- The Fiscal Officer improperly posted Road District confirmable receipts (\$51,819).
- The Fiscal Officer improperly posted Special Levy confirmable receipts (\$3,785).

Lack of due care in posting correctly resulted in audit adjustments. The audited financial statements and the Township's accounting system reflect the above adjustments.

To ensure the Township's financial statements are complete and accurate, we recommend that the Fiscal Officer review the Ohio Township Handbook for guidance on the correct line item to post various receipts and expenditures of the Township.

**Officials' Response:** The Township will do their best to comply.

**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

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

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>
2007-001	Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations	No	Partially Corrected; Reissued in the current Management Letter
2007-002	Material Weakness for adjustments and reclassifications	No	Not Corrected; Reissued in the current Schedule of Findings as 2009-002.
2007-003	Significant Deficiency for reporting of approved budgetary information	No	Not Corrected; Reissued in the current Schedule of Findings as 2009-001.



**Mary Taylor, CPA**  
Auditor of State

**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  
MAY 25, 2010**