



OHIO AUDITOR OF STATE
KEITH FABER



**CARTHAGE TOWNSHIP
ATHENS COUNTY
DECEMBER 31, 2019 AND 2018**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Carthage Township
Athens County
5600 Bean Cemetery Road
Guysville, Ohio 45735

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Carthage Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Carthage Township, Athens County, Ohio, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2020, 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 internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 21, 2020

**CARTHAGE TOWNSHIP
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$63,391	\$194,436	\$0	\$257,827
Intergovernmental	24,490	177,149	0	201,639
Earnings on Investments	234	66	6	306
Miscellaneous	8,809	6,150	0	14,959
<i>Total Cash Receipts</i>	<u>96,924</u>	<u>377,801</u>	<u>6</u>	<u>474,731</u>
Cash Disbursements				
Current:				
General Government	83,518	3,943	0	87,461
Public Safety	0	54,988	0	54,988
Public Works	7,372	301,745	0	309,117
Health	0	15,026	0	15,026
<i>Total Cash Disbursements</i>	<u>90,890</u>	<u>375,702</u>	<u>0</u>	<u>466,592</u>
<i>Excess of Cash Receipts Cash Disbursements</i>	<u>6,034</u>	<u>2,099</u>	<u>6</u>	<u>8,139</u>
Other Financing Receipts				
Other Financing Sources	0	7,733	0	7,733
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>7,733</u>	<u>0</u>	<u>7,733</u>
<i>Net Change in Fund Cash Balances</i>	6,034	9,832	6	15,872
<i>Fund Cash Balances, January 1</i>	<u>16,663</u>	<u>160,063</u>	<u>619</u>	<u>177,345</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	600	600
Restricted	0	146,792	25	146,817
Committed	0	23,103	0	23,103
Unassigned	22,697	0	0	22,697
<i>Fund Cash Balances, December 31</i>	<u>\$22,697</u>	<u>\$169,895</u>	<u>\$625</u>	<u>\$193,217</u>

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

**CARTHAGE TOWNSHIP
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	\$25
<i>Total Operating Cash Receipts</i>	<u>25</u>
<i>Operating Income</i>	25
<i>Fund Cash Balances, January 1</i>	<u>1,031</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,056</u></u>

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

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Carthage Township, Athens County, Ohio (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 has its own volunteer fire department that provides fire services. The Township appropriates levy fund money to pay expenses of the volunteer fire department.

Public Entity Risk Pool

The Township participates a public entity risk pool. 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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund The Gasoline Tax Fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The Road and Bridge Fund receives and accounts for property tax money restricted for constructing, maintaining, and repairing roads within the Township.

Road District Fund The Road District Fund accounts for and reports that portion of motor special levy monies restricted for maintenance and repair of roads within the Township.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Permanent Fund The Permanent Fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of certain individuals.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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 2019 budgetary activity appears in Note 4.

Deposits and Investments

The Township's 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.

Capital Assets

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

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.

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Road District Fund and Special Levy (2191) Fund by \$1,036 and \$38,828, respectively, for the year ended December 31, 2019.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$123,469	\$96,924	(\$26,545)
Special Revenue	418,520	385,534	(32,986)
Permanent	106	6	(100)
Fiduciary	25	25	0
Total	\$542,120	\$482,489	(\$59,631)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$123,230	\$94,154	\$29,076
Special Revenue	397,010	382,032	14,978
Permanent	100	0	100
Fiduciary	0	0	0
Total	\$520,340	\$476,186	\$44,154

Note 5 – Deposits and Investments

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

	2019
Demand Deposits	\$192,673
Certificates of Deposit	1,600
Total Deposits	\$194,273

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 6 – Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 7 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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 and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 10 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$44,150	1.5%

The Township issued general obligation bonds to finance the purchase of a Ford F-550 Diesel Truck in 2017 for \$72,506. The Township’s taxing authority collateralized the bonds.

Amortization

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

Year Ending December 31:	General Obligation Bonds
2020	15,160
2021	15,160
2022	15,160
Total	\$45,480

Note 11 – Contingent Liabilities

The Township is in litigation with the Coolville Fire Department over a contract dispute. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Township’s financial condition. Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**CARTHAGE TOWNSHIP
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$62,573	\$191,839	\$0	\$254,412
Intergovernmental	24,125	134,733	0	158,858
Earnings on Investments	205	95	6	306
Miscellaneous	5,573	5,050	0	10,623
<i>Total Cash Receipts</i>	<u>92,476</u>	<u>331,717</u>	<u>6</u>	<u>424,199</u>
Cash Disbursements				
Current:				
General Government	98,244	0	0	98,244
Public Safety	0	3,036	0	3,036
Public Works	13,961	274,469	0	288,430
Health	0	11,736	0	11,736
Human Services	0	1,019	0	1,019
Debt Service:				
Principal Retirement	5,000	5,160	0	10,160
Interest and Fiscal Charges	316	772	0	1,088
<i>Total Cash Disbursements</i>	<u>117,521</u>	<u>296,192</u>	<u>0</u>	<u>413,713</u>
<i>Excess of Cash Receipts (Under) Cash Disbursements</i>	<u>(25,045)</u>	<u>35,525</u>	<u>6</u>	<u>10,486</u>
Other Financing Receipts (Disbursements)				
Other Financing Uses	0	(83)	0	(83)
Other Financing Sources	1,507	0	0	1,507
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,507</u>	<u>(83)</u>	<u>0</u>	<u>1,424</u>
<i>Net Change in Fund Cash Balances</i>	<u>(23,538)</u>	<u>35,442</u>	<u>6</u>	<u>11,910</u>
<i>Fund Cash Balances, January 1</i>	<u>40,201</u>	<u>124,621</u>	<u>613</u>	<u>165,435</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	600	600
Restricted	0	121,699	19	121,718
Committed	0	38,364	0	38,364
Unassigned	16,663	0	0	16,663
<i>Fund Cash Balances, December 31</i>	<u>\$16,663</u>	<u>\$160,063</u>	<u>\$619</u>	<u>\$177,345</u>

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

**CARTHAGE TOWNSHIP
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	\$24
<i>Total Operating Cash Receipts</i>	<u>24</u>
<i>Operating Income</i>	24
<i>Fund Cash Balances, January 1</i>	<u>1,007</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,031</u></u>

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

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

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Public Entity Risk Pool

The Township participates a public entity risk pool. 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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

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Road District Fund The Road District Fund accounts for and reports that portion of motor special levy monies restricted for maintenance and repair of roads within the Township.

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Permanent Fund The Permanent Fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of certain individuals.

Basis of Accounting

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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 2018 budgetary activity appears in Note 4.

Deposits and Investments

The Township's 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.

Capital Assets

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

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.

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund, Road and Bridge Fund, Road District Fund and Permissive Sales Tax Fund by \$20,654, \$14,030, \$18,902, and \$2,000, respectively, for the year ended December 31, 2018.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$163,923	\$93,983	(\$69,940)
Special Revenue	439,115	331,717	(107,398)
Permanent	2,143	6	(2,137)
Fiduciary	24	24	0
Total	\$605,205	\$425,730	(\$179,475)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$100,497	\$121,151	(\$20,654)
Special Revenue	338,283	302,085	36,198
Permanent	500	0	500
Fiduciary	0	0	0
Total	\$439,280	\$423,236	\$16,044

Note 5 – Deposits and Investments

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

	2018
Demand Deposits	\$176,776
Certificates of Deposit	1,600
Total Deposits	\$178,376

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 6 – Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 7 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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 and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 10 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$44,150	1.5%

The Township issued general obligation bonds to finance the purchase of a Ford F-550 Diesel Truck in 2017 for \$72,506. The Township's taxing authority collateralized the bonds.

Amortization

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

Year Ending December 31:	General Obligation Bonds
2019	\$0
2020	15,160
2021	15,160
2022	15,160
Total	\$45,480

Note 11 – Contingent Liabilities

The Township is defendant in a lawsuit. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition. Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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

Carthage Township
Athens County
5600 Bean Cemetery Road
Guysville, Ohio 45735

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Carthage Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2019-003 through 2019-007 to be material weaknesses.

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, opining 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 2019-001 through 2019-004.

Township's Responses to Findings

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 21, 2020

**CARTHAGE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001

Noncompliance

Ohio Rev. Code § 507.11(B)(1) provides that no money belonging to the Township shall be paid out, except upon an order signed by at least two of the Township Trustees, and countersigned by the Township Fiscal Officer.

The Fiscal Officer did not sign 12% of checks tested for 2018; however, all three Trustees signed these checks. The failure to have the required individuals sign Township checks could lead to unauthorized spending.

The Fiscal Officer and at least two Trustees should sign all checks of the Township.

Official's Response: The checks being missed are the result of not double checking before mailing payments to the vendors. Will be more diligent from here on out.

FINDING NUMBER 2019-002

Noncompliance

Ohio Rev. Code § 5705.09(E) requires each subdivision to establish a special bond fund for each bond issue.

The Certificate under §§ 103(b)(2) and 148 of the Internal Revenue Code of 1986, as Amended § (F)(3) of the bond document provides that except for the Bond Retirement Fund, no other account or fund has been or will be established to pay principal of, premium, if any, or interest on the Bonds.

The Board did not establish a separate bond retirement fund for the repayment of its general obligation bonds. Failure to establish the separate fund violates their debt covenants.

The Board should establish a separate debt service fund for proper reporting debt activity for the acquisition of the truck.

Official's Response: We did not know that a special bond fund needed to be done when purchasing a truck using a bond.

FINDING NUMBER 2019-003

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.40 states, in part, that a subdivision may amend or supplement its appropriation measure provided the entity complies with the same provisions of law as are used in making the original appropriation. In addition, Ohio courts have held that a Board or Officer whose judgment and discretion is required, was chosen because they were deemed fit and competent to exercise that judgment and discretion and unless power to substitute another in their place has been given, such Board or Officer cannot delegate these duties to another. Following such reasoning, a Township Board of Trustees would be prohibited from delegating duties statutorily assigned to it, such as the duty of amending appropriations. See C.B. Transportation, Inc. v. Butler County Board of Mental Retardation, 60 Ohio Misc. 71, 397 N.E.2d 781 (C.P. 1979); Burkholder v. Lauber, 6 Ohio Misc. 152, 216 N.E.2d 909 (C.P.1965).

**CARTHAGE TOWNSHIP
ATHENS COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

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

FINDING NUMBER 2019-003 (Continued)

Noncompliance and Material Weakness (Continued)

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Fiscal Officer posted amendments to appropriations and supplemental appropriations to the accounting system in 2019 and 2018 and filed such with the County Auditor without obtaining the proper approvals from the Board. As a result, the changes in budgeted amounts were invalid causing the system to show incorrect budget to actual information. The Board, therefore, lost some degree of control and was unable to effectively monitor and report its budget vs. actual status throughout the year.

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations and estimated receipts (and/or amendments thereof) approved by the Board were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

At December 31, 2019, appropriations posted to the system varied materially from those approved by the Board as follows:

Fund	Approved Appropriations at 12/31/2019	Appropriations per Accounting System	Variance
Road District Fund	97,500	100,150	(2,650)
Special Levy Fund (2191)	25,000	68,500	(43,500)

At December 31, 2018, appropriations posted to the system varied materially from those approved by the Board as follows:

**CARTHAGE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

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

FINDING NUMBER 2019-003 (Continued)

Noncompliance and Material Weakness (Continued)

Fund	Approved Appropriations at 12/31/2019	Appropriations per Accounting System	Variance
General Fund	99,200	144,750	(45,550)
Motor Vehicle License Tax Fund	19,000	29,000	(10,000)
Road and Bridge Fund	67,400	87,400	(20,000)
Road District Fund	77,400	99,400	(22,000)
Special Levy Fund (2191)	44,700	44,900	(200)
Permissive Sales Tax Fund	3,000	13,000	(10,000)

At December 31, 2018, estimated receipts posted to the system varied materially from those approved by the Board as follows:

Fund	Estimates Receipts per Budget Commission at 12/31/2019	Estimated Receipts per Accounting System	Variance
General Fund	163,950	148,850	15,100
Road and Bridge Fund	112,000	107,000	5,000
Road District Fund	125,800	100,800	25,000

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Official's Response: We will try to make sure that items are always documented in the minutes, small and large items, and make sure to document that the Trustees are aware of the changes being made to the budget. We will make sure from here on that all budgetary items are always documented with a resolution.

FINDING NUMBER 2019-004

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Road District Fund and Special Levy (2191) Fund had expenditures in excess of appropriations of \$1,036 and \$38,828, respectively, as of December 31, 2019.

**CARTHAGE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-004 (Continued)

Noncompliance and Material Weakness (Continued)

The Township's General Fund, Road and Bridge Fund, Road District Fund and Permissive Sales Tax Fund had expenditures in excess of appropriations of \$20,654, \$14,030, \$18,902, and \$2,000, respectively, as of December 31, 2018.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Board should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Official's Response: We will make sure all budgetary items are done in a timely manner and documented in the minutes by the Board.

FINDING NUMBER 2019-005

Material Weakness – Bank Reconciliations

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection. The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support.

The Fiscal Officer did not properly reconcile the bank statements to the cash journal monthly resulting in reconciling factors due to timing issues and other minor variances throughout 2019 and 2018. Failure to reconcile monthly increases the possibility that the Township will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Official's Response: Since taking office in 2016, the bank reconciliation has never balanced. Moving forward, will make sure all items are reconciled within that month, making sure to double check all items within that month.

**CARTHAGE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-006

Material Weakness – Financial Monitoring

When designing the public office’s system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls. The size of the Township staff did not allow for an adequate segregation of duties; the Fiscal Officer performed all accounting functions, including receipting, depositing, disbursing, and reconciling. It is, therefore, important that the Board of Trustees monitor financial activity closely.

The Fiscal Officer periodically presented monthly reports to the Board. However, the Township did not maintain support that any review occurred for financial activity for 4 out of 12 months during 2019 and 2 out of 12 months for 2018. Bank reconciliations were not documented as being presented to the Board for 5 out of 12 months for 2019 and 9 out of 12 months for 2018. Failure to list out specific reports reviewed each month and document in the minute record can lead to some question as to actual review. The failure of bank reconciliations provided to the Board for monthly review hampers the ability to effectively monitor the financial activity and position of the Township.

To ensure the Trustees have all pertinent data and information to properly monitor and manage the Township, they should carefully review and accept/approve budget to actual information in the minutes of the meetings of the Township and document the reports used for this review in detail. Further, the Board should make appropriate inquiries to help determine the continued integrity of financial information. The Board should review and document review of bank reconciliations in the monthly board minutes.

Official’s Response: The Trustees are presented all paperwork each month. However, we have not been double checking to see if the signature page was signed before filing paperwork away. We will make sure to put into the minutes what the Trustees received to avoid this in the future.

FINDING NUMBER 2019-007

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C § 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C § 210 paragraphs .A14 & .A16.

Additionally, Auditor of State Bulletin 2011-004 mandated Governmental Accounting Standard Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for financial statements for periods beginning after June 15, 2010.

The Fiscal Officer posted certain revenue and expenditures transactions incorrectly resulting in material audit adjustments.

**CARTHAGE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-007 (Continued)

Material Weakness (Continued)

For the year ended December 31, 2019 the following items were noted:

- Homestead and Rollbacks were misclassified resulting in:
 - General Fund- a decrease in Property and Other Local Taxes and an increase in Intergovernmental receipts of \$8,354.
 - Road and Bridge Fund- a decrease in Property and Other Local Taxes of \$8,313 and an increase in Intergovernmental receipts of \$7,594.
 - Special Levy Fund (Fund 2191) - a decrease in Property and Other Local Taxes and increase in Intergovernmental receipts of \$1,406.
 - Road District Fund (Fund 2141) - a decrease in Property and Other Local Taxes of \$9,323 and an increase in Intergovernmental receipts of \$10,042.
 - Special Levy Fund (Fund 2192) - a decrease in Property and Other Local Taxes and increase in Intergovernmental receipts of \$2,008.
- Improper function codes were selected for various disbursements resulting in:
 - Special Levy Fund (Fund 2192) – an increase in Health of \$2,389, a decrease in Public Works of \$459 and a decrease in Human Services of \$1,930.
 - Road and Bridge Fund- a decrease in Public Safety and an increase in Public Works of \$38,870.
- The Fiscal Officer did not properly classify fund balances in accordance with GASB 54 as outlined in AOS Bulletin 2011-004.
 - In the Road and Bridge Fund, the inside millage portion should be Committed rather than Restricted resulting in in reclassification of \$23,103 of the December 31, 2019 fund balance to Committed rather than Restricted.
 - In the Permanent Fund, the corpus amount of the bequest should be classified as nonspendable resulting in an increase in Nonspendable Fund Cash Balances, December 31 and decrease in Restricted Fund Cash Balances, December 31 of \$600.

For the year ended December 31, 2018, the following items were noted:

- Homestead and Rollbacks were misclassified resulting in:
 - General Fund- a decrease in Property and Other Local Taxes and an increase in Intergovernmental receipts of \$8,302.
 - Road and Bridge Fund- a decrease in Property and Other Local Taxes and an increase in Intergovernmental receipts of \$7,547.
 - Special Levy Fund (Fund 2191) - a decrease in Property and Other Local Taxes and increase in Intergovernmental receipts of \$1,423.
 - Road District Fund- a decrease in Property and Other Local Taxes and an increase in Intergovernmental receipts of \$9,967.
 - Special Levy Fund (Fund 2192) - a decrease in Property and Other Local Taxes and increase in Intergovernmental receipts of \$1,993.
- Improper function codes were selected for various disbursements resulting in a decrease in Public Safety and increase in Public Works of \$19,953 in the Road and Bridge Fund.

**CARTHAGE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

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

FINDING NUMBER 2019-007 (Continued)

Material Weakness (Continued)

- o The Fiscal Officer did not properly classify fund balances in accordance with GASB 54 as outlined in AOS Bulletin 2011-004.
 - o In the Road and Bridge Fund, the inside millage portion should be Committed rather than Restricted resulting in reclassification of \$38,364 of the December 31, 2018 fund balance to Committed rather than Restricted.
 - o In the Permanent Fund, the corpus amount of the bequest should be classified as Nonspendable resulting in an increase in Nonspendable Fund Cash Balances, December 31 and decrease in Restricted Fund Cash Balances, December 31 of \$600.

The footnotes to the financial statements also required material adjustment for 2018 and 2019. These misstatements were caused by confusion over proper posting. As a result, these reclassifications, with which the Township's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements. The net effect of these adjustments, along with any other immaterial adjustments agreed to by the Township, are reflected in the following chart:

Fund	Unaudited Balance 12/31/19	Audit Adjustment	Audited Balance 12/31/19
General Fund	\$28,875	(\$6,178)	\$22,697
Motor Vehicle License Tax Fund	21,739	(390)	21,349
Gasoline Tax Fund	34,152	1,359	35,511
Road and Bridge Fund	23,822	(719)	23,103
Cemetery Fund	0	0	0
Road District Fund	10,814	719	11,533
Special Levy Fund	56,561	(1,737)	54,824
Special Levy Fund	13,724	245	13,969
Permissive Motor Vehicle License Tax Fund	5,649	(4)	5,645
Misc. Special Revenue FEMA Fund	3,961	0	3,961
Misc. Special Revenue Fund	0	0	0
Permanent Fund	616	9	625
Private Purpose Trust Fund	1,007	49	1,056
	<u>\$200,920</u>	<u>(\$6,647)</u>	<u>\$194,273</u>

The Fiscal Officer should refer to the Township Handbook and AOS Bulletin 2011-004 for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the financial statements reflect the appropriate classifications.

Official's Response: We will try to make sure that all monies are recorded properly for each fund. Going forward, we will double check that the correct fund is being used.

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Office of
Board of Trustees

Carthage Township
 Athens County
 Athens, Ohio
 5600 Bean Cemetery Road
 Guysville, Ohio 45735

GAYLE BUCKLEY, Township Clerk

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Ohio Rev. Code § 5705.38 cited as appropriations were filed late and expenditures exceeded appropriations in several funds in both 2017 and 2016.	Not Corrected	We will make sure all budgetary items are done in a timely manner and documented in the minutes by the Board. We believe the issue stems from improper documentation of budgetary approvals resulting in reliance on the accounting system numbers which were not accurate.
2017-002	Ohio Rev. Code § 5705.40 cited and Material Weakness identified as the Township did not properly amend appropriations resulting in variances between the budgetary amounts and amounts in the accounting system.	Not Corrected	We will try to make sure that items are always documented in the minutes, small and large items, and make sure to document that the Trustees are aware of the changes being made to the budget. We will make sure from here on that all budgetary items are always documented with a resolution.
2017-003	Ohio Admin. Code § 117-2-01(D)(4) cited and Material Weakness issued for insufficient monitoring by the Board of Trustees.	Not Corrected	The Trustees are presented all paperwork each month. However, we have not been double checking to see if the signature page was signed before filing paperwork away. We will make sure to put into the minutes what the Trustees received to avoid this in the future.
2017-004	Material Weakness issued for failing to perform monthly bank reconciliations.	Not Corrected	Since taking office in 2016, the bank reconciliation has never balanced. Moving forward, will make sure all items are reconciled within that month, making sure to double check all items within that month.
2017-005	Material Weakness issued as the Fiscal Officer posted certain revenue and expenditures transactions incorrectly resulting in material audit adjustments.	Not Corrected	We will try to make sure that all monies are recorded properly for each fund. Going forward, we will double check that the correct fund is being used.

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OHIO AUDITOR OF STATE KEITH FABER



CARTHAGE TOWNSHIP

ATHENS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/24/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov