



Mary Taylor, CPA
Auditor of State

CARLISLE TOWNSHIP
LORAIN COUNTY

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Mary Taylor, CPA
Auditor of State

Carlisle Township
Lorain County
11969 LaGrange Road
LaGrange, Ohio 44050

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 Township 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

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Auditor of State

October 29, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Carlisle Township
Lorain County
11969 LaGrange Road
LaGrange, Ohio 44050

To the Board of Trustees

We have audited the accompanying financial statements of Carlisle Township, Lorain 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 Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 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 and reserves for encumbrances of Carlisle Township, Lorain 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.

As described in Note 10 to the financial statements, the Township restated the December 31, 2007 General Fund, Special Revenue Fund, Debt Service Fund, Capital Projects Fund and Agency Fund balances.

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 October 29, 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

October 29, 2010

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$326,752	\$702,240	\$0	\$0	\$1,028,992
Charges for Services	0	4,032	0	0	4,032
Licenses, Permits, and Fees	113,921	2,030	0	0	115,951
Intergovernmental	341,851	316,939	0	70,561	729,351
Special Assessments	0	10,620	0	0	10,620
Earnings on Investments	5,223	383	0	0	5,606
Miscellaneous	18,807	2,856	0	0	21,663
Total Cash Receipts	806,554	1,039,100	0	70,561	1,916,215
Cash Disbursements:					
Current:					
General Government	456,204	0	0	0	456,204
Public Safety	251,863	227,995	0	0	479,858
Public Works	90,953	264,790	0	65,561	421,304
Health	784	4,201	0	0	4,985
Conservation - Recreation	6,004	0	0	0	6,004
Capital Outlay	0	83,722	0	0	83,722
Debt Service:					
Redemption of Principal	0	0	250,000	0	250,000
Interest and Other Fiscal Charges	0	0	40,950	0	40,950
Total Cash Disbursements	805,808	580,708	290,950	65,561	1,743,027
Total Receipts Over/(Under) Disbursements	746	458,392	(290,950)	5,000	173,188
Other Financing Receipts / (Disbursements):					
Transfers-In	0	12,672	290,950	0	303,622
Transfers-Out	(30,920)	(272,702)	0	0	(303,622)
Advances-In	5,500	500	0	0	6,000
Advances-Out	(500)	(500)	0	(5,000)	(6,000)
Total Other Financing Receipts / (Disbursements)	(25,920)	(260,030)	290,950	(5,000)	0
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(25,174)	198,362	0	0	173,188
Fund Cash Balances, January 1	1,490,212	316,721	0	0	1,806,933
Fund Cash Balances, December 31	\$1,465,038	\$515,083	\$0	\$0	\$1,980,121
Reserve for Encumbrances, December 31	\$3,065	\$1,033	\$0	\$0	\$4,098

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

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Agency</u>
Operating Cash Receipts:	
Licenses, Permits, and Fees	\$114
	<hr/>
Total Operating Cash Receipts	114
	<hr/>
Operating Cash Disbursements:	
Other	83
	<hr/>
Total Operating Cash Disbursements	83
	<hr/>
Operating Income	31
	<hr/>
Fund Cash Balances, January 1	0
	<hr/>
Fund Cash Balances, December 31	\$31
	<hr/> <hr/>
Reserve for Encumbrances, December 31	\$31
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The notes to the financial statements are an integral part of this statement.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$331,561	\$667,206	\$0	\$0	\$998,767
Charges for Services	0	6,044	0	0	6,044
Licenses, Permits, and Fees	84,452	3,500	0	0	87,952
Intergovernmental	577,972	358,356	0	156,031	1,092,359
Special Assessments	0	8,139	0	0	8,139
Earnings on Investments	33,368	463	0	0	33,831
Miscellaneous	23,544	569	0	0	24,113
Total Cash Receipts	1,050,897	1,044,277	0	156,031	2,251,205
Cash Disbursements:					
Current:					
General Government	561,553	0	0	0	561,553
Public Safety	308,197	170,955	0	0	479,152
Public Works	74,266	362,713	0	161,031	598,010
Health	1,000	4,827	0	0	5,827
Conservation - Recreation	7,114	0	0	0	7,114
Capital Outlay	61,445	126,297	0	0	187,742
Debt Service:					
Redemption of Principal	0	0	240,000	0	240,000
Interest and Other Fiscal Charges	0	0	53,550	0	53,550
Total Cash Disbursements	1,013,575	664,792	293,550	161,031	2,132,948
Total Receipts Over/(Under) Disbursements	37,322	379,485	(293,550)	(5,000)	118,257
Other Financing Receipts / (Disbursements):					
Transfers-In	0	0	289,609	0	289,609
Transfers-Out	(16,539)	(273,070)	0	0	(289,609)
Advances-In	34,000	34,000	0	5,000	73,000
Advances-Out	(39,000)	(34,000)	0	0	(73,000)
Total Other Financing Receipts / (Disbursements)	(21,539)	(273,070)	289,609	5,000	0
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	15,783	106,415	(3,941)	0	118,257
Fund Cash Balances (Restated), January 1	1,474,429	210,306	3,941	0	1,688,676
Fund Cash Balances, December 31	\$1,490,212	\$316,721	\$0	\$0	\$1,806,933
Reserve for Encumbrances, December 31	\$28,830	\$10,035	\$0	\$0	\$38,865

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

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Agency</u>
Operating Cash Receipts:	
Licenses, Permits, and Fees	<u>\$333</u>
Total Operating Cash Receipts	<u>333</u>
Operating Cash Disbursements:	
Other	<u>485</u>
Total Operating Cash Disbursements	<u>485</u>
Operating (Loss)	<u>(152)</u>
Fund Cash Balances (Restated), January 1	<u>152</u>
Fund Cash Balances, December 31	<u><u>\$0</u></u>

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

**CARLISLE TOWNSHIP
LORAIN 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 the Carlisle Township, Lorain County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township is a home rule township as of January 2008. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township's police protection is provided by the Lorain County Sheriff's Department.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductible. This organization is discussed in Note 8.

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. Deposits and Investments

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

The investment in STAR Ohio (the State Treasurer's Investment Pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

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

**CARLISLE TOWNSHIP
LORAIN COUNTY**

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

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

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:

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

Fire Special Levy Fund – This fund receives property tax money used to provide fire protection and emergency medical services.

3. Debt Service Fund

This fund accounts for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

General Bond Retirement Fire Station Fund – This fund is used to pay the bond principal and interest payments related for fire station.

4. Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Funds:

OPWC Slife Road Reconstruction Phase 1 Fund – This fund was used for road reconstruction, widening and reconstruction of Slife Road project in 2008.

Public Works Commission Project Fund – This fund was used for the Myrtle Street storm water management and road widening and resurfacing project in 2009.

5. 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 does not have any trust funds.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

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

1. Summary of Significant Accounting Policies (continued)

5. Fiduciary Funds (Continued)

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for commercial building permits. The Commercial Building Permits Agency Fund is used to collect and remit a three percent assessment of permit fees to the Board of Building Standards, State of Ohio.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

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.

**CARLISLE TOWNSHIP
LORAIN 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 Cash and Investments

The Township maintains a deposit 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:

	2009	2008
Demand Deposits	\$1,978,787	\$1,805,571
Total deposits	1,978,787	1,805,571
STAR Ohio	1,365	1,362
Total investments	1,365	1,362
Total deposits and investments	\$1,980,152	\$1,806,933

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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	\$803,894	\$806,554	\$2,660
Special Revenue	1,053,418	1,051,772	(1,646)
Debt Service	290,950	290,950	0
Capital Projects	70,561	70,561	0
Agency	400	114	(286)
Total	\$2,219,223	\$2,219,951	\$728

**CARLISLE TOWNSHIP
LORAIN COUNTY**

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

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,105,274	\$839,793	\$265,481
Special Revenue	977,634	854,443	123,191
Debt Service	290,950	290,950	0
Capital Projects	70,561	65,561	5,000
Agency	400	114	286
Total	<u>\$2,444,819</u>	<u>\$2,050,861</u>	<u>\$393,958</u>

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,022,243	\$1,050,897	\$28,654
Special Revenue	1,051,852	1,044,277	(7,575)
Debt Service	289,609	289,609	0
Capital Projects	166,031	156,031	(10,000)
Agency	1,000	333	(667)
Total	<u>\$2,530,735</u>	<u>\$2,541,147</u>	<u>\$10,412</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,304,508	\$1,058,944	\$245,564
Special Revenue	1,075,626	947,897	127,729
Debt Service	293,550	293,550	0
Capital Projects	166,031	161,031	5,000
Agency	1,152	485	667
Total	<u>\$2,840,867</u>	<u>\$2,461,907</u>	<u>\$378,960</u>

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.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

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

4. Property Tax (Continued)

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

Tangible personal property tax is assessed by the property owners for 2008 and only against local and inter-exchange telephone companies for 2009, who must file a list of such property to the County by each April 30.

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

5. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Fire Station Construction Bonds	\$530,000	2.2% - 5.25%
Total	\$530,000	

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

	Fire Station Construction Bonds
Year ending December 31:	
2010	\$287,826
2011	284,175
Total	\$572,001

6. Leases

The Township leases vehicles and other equipment under noncancelable leases. The Township disbursed \$40,695 and \$40,695, respectively, to pay lease costs for the years ended December 31, 2009 and 2008. Future lease payments are as follows:

	Amount
Year	
2010	\$40,695
2011	9,805
Total	\$50,500

7. Retirement Systems

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include post-retirement healthcare and survivor and disability benefits.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

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

7. Retirement Systems (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages, respectively. For 2009 and 2008, OPERS members contributed 10%, respectively, 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.

Additionally, the Township employs part-time Volunteer Firefighters. These individuals are required by law to elect Social Security due to their part-time status. The Township's liability on Social Security was 6.2 percent of wages paid.

8. 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, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 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.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

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

8. Risk Management (Continued)

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, 2009 and 2008 (the latest information available):

	2009	2008
Assets	\$38,982,088	\$40,737,740
Liabilities	(12,880,766)	(12,981,818)
Net Assets	\$26,101,322	\$27,755,922

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$17,000.

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

Contributions to OTARMA	
2009	2008
\$18,551	\$21,388

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

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

9. Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. 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.

10. Restatement of Prior Year Balances

At January 1, 2008 the Township restated its Fund Balances as follows:

Year	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Agency Fund
December 31, 2007	\$1,919,689	\$1,154,054	\$3,379	\$2,007	\$6,451
January 1, 2008	\$1,474,429	\$210,306	\$3,941	\$0	\$152

The purpose of the restatement is to correct prior period errors.

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Mary Taylor, CPA

Auditor of State

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

Carlisle Township
Lorain County
11969 LaGrange Road
LaGrange, Ohio 44050

To the Board of Trustees:

We have audited the financial statements of Carlisle Township, Lorain County, Ohio (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated October 29, 2010, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for 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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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 finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

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 also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 29, 2010.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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

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

Mary Taylor, CPA
Auditor of State

October 29, 2010

**CARLISLE TOWNSHIP
LORAIN 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

Statement on Auditing Standards 115 - Effects on Financial Statements – Material Weakness

Paragraph 15 of the *Statement on Auditing Standards 115* documents that the identification by the auditor of a material misstatement in the financial statements for the period under audit that was not initially identified by the entity's internal control is a strong indicator of a material weakness even if management subsequently corrects the misstatement.

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

The following weaknesses were noted and subsequent adjustments made to the financial statements and, where applicable, to the Township's accounting records:

1. The Township misposted property and other local taxes, intergovernmental and miscellaneous revenue at December 31, 2008 in the General Fund. There were accounting entries made to reclassify intergovernmental revenue (public utility reimbursements, exempt personal property, homestead/rollback, CAT Tax, etc.) misclassified as property and other local taxes in the General Fund (\$65,602) and to reclassify intergovernmental revenue misclassified as miscellaneous revenue in the General Fund (\$383) for a total material reclassification adjustment in the General Fund (\$65,985).
2. The Township misposted property and other local taxes, intergovernmental and miscellaneous revenue at December 31, 2008 in the Special Revenue Fund. There were accounting entries made to reclassify intergovernmental revenue (public utility reimbursements, exempt personal property, homestead/rollback, CAT Tax, etc.) misclassified as property and other local taxes in the various special revenue funds (\$110,891).
3. The Township misposted property and other local taxes, intergovernmental and miscellaneous revenue at December 31, 2009 in the General Fund. There were accounting entries made to reclassify intergovernmental revenue (public utility reimbursements, exempt personal property, homestead/rollback, CAT Tax, etc.) misclassified as property and other local taxes in the General Fund (\$68,541) and to reclassify intergovernmental revenue misclassified as miscellaneous revenue in the General Fund (\$3,009) for a total material reclassification adjustment in the General Fund (\$71,550).
4. The Township misposted property and other local taxes, intergovernmental and miscellaneous revenue at December 31, 2009 in the Special Revenue Fund. There were accounting entries made to reclassify intergovernmental revenue (public utility reimbursements, exempt personal property, homestead/rollback, CAT Tax, etc.) misclassified as property and other local taxes in the various special revenue funds (\$133,869) and to reclassify intergovernmental revenue misclassified as miscellaneous revenue in the various special revenue funds (\$3,693) for a total material reclassification adjustment in the Special Revenue Fund (\$137,562).
5. The Township's Debt footnote, Note 5, was improperly reported. The amortization of the debt outstanding, including interest, decreased by \$1,007,999, from \$1,580,000 to \$572,001.

The lack of controls over the posting of financial transactions, financial reporting and footnote disclosure can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

CARLISLE TOWNSHIP
LORAIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND DECEMBER 31, 2008
(CONTINUED)

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

FINDING NUMBER 2009-001 (Continued)

Statement on Auditing Standards 115 - Effects on Financial Statements – Material Weakness
(Continued)

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

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

Official's Response:

Regarding the weaknesses as noted and subsequent adjustments to the Township's financial statements the following is the Township's Officials' Response to Finding 2009-001:

1. The Township acknowledges that intergovernmental revenue was misposted as local taxes in the General Fund at December 31, 2008. This was done because Lorain County classifies these payments as local taxes on the Township's Official and/or Amended Certificate of Estimated Resources. Accounting entries were made to reclassify revenue.
2. The Township acknowledges that intergovernmental revenue was misposted as local taxes in the Special Revenue Fund at December 31, 2008 for the reason listed in (1) above regarding classification of revenue by Lorain County. Accounting entries were made to reclassify revenue.
3. The Township acknowledges that intergovernmental revenue was misposted as local taxes in the General Fund at December 31, 2009 for the reason listed in (1) above regarding classification of revenue by Lorain County. Accounting entries were made to reclassify revenue.
4. The Township acknowledges that intergovernmental revenue was misposted as local taxes in the Special Revenue Fund at December 31, 2009 for the reason listed in (1) above regarding classification of revenue by Lorain County. Accounting entries were made to reclassify revenue.
5. The Township acknowledges that there was a footnote error for debt amortization; however, the Township attributes this error to misunderstanding directions for preparing statements for audit.

The Township recognizes that ongoing financial controls are inherent to providing reliable monthly and annual financial data. The Township trustees receive accurate, full accounting of all receipts and disbursements on a monthly basis for review and approval at a regular Township meeting.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND DECEMBER 31, 2008
(CONTINUED)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Accounting System – Receipt Cycle – Material Weakness and Noncompliance Finding – The Township’s receipting process or recording of transactions involved several accounting weaknesses.	No	Not Corrected. Reissued as Schedule of Findings item 2009-001 and Management Letter comment.
2007-002	Accounting System – Expenditure Cycle – Material Weakness and Noncompliance Finding – The Township’s expenditure process involved several weaknesses.	No	Partially Corrected. Reissued as a Management Letter comment.
2007-003	Bank Reconciliations – Material Weakness and Noncompliance Finding – The Township failed to perform timely and accurate bank reconciliations.	Yes	
2007-004	Financial Report Reviews – Material Weakness – The Township was not reviewing and approving financial statements and records for a majority of the audit period.	Yes	
2007-005	Minute Records – Material Weakness – The Township’s Minute Records were either not present or approved. Further, the Minutes failed to contain a number of resolutions.	Yes	
2007-006	Reconciliation of Township Payroll Documents – Material Weakness – The Township failed to prepare and maintain certain payroll records and failed to reconcile the payroll account and file tax statements.	Yes	
2007-007	Building Permit Revenue and Disbursement Activities – Noncompliance Finding – The Township failed to account for activity in the proper fund(s).	Yes	
2007-008	Certification of Availability of Funds – Noncompliance Finding – Purchase order transactions tested were not certified by the Fiscal Officer at the time the commitment was incurred. Also there was not a separate resolution approving a maximum amount allowed for Blanket Certificates.	No	Partially Corrected. Reissued as a Management Letter comment.

**CARLISLE TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND DECEMBER 31, 2008
(CONTINUED)**

2007-009	Depositing – Noncompliance Finding – The Township was not depositing monies in accordance with the law to the Fiscal Officer or the Township’s bank within the next business day. The Fiscal Officer was holding onto monies for unreasonable periods of time.	No	Not Corrected. Reissued as a Management Letter comment.
2007-010	Overpayments – Fiscal Officer – Finding For Recovery – The Township’s Fiscal Officer received monies for various expenditures that were not properly supported.	Yes	



Mary Taylor, CPA
Auditor of State

CARLISLE TOWNSHIP

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 14, 2010**