



**CARTHAGE TOWNSHIP  
ATHENS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-98**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of the Carthage Township, Athens County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Carthage Township, Athens County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2000 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 grants.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

March 30, 2000



**CARTHAGE TOWNSHIP  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

|  | <u>Governmental Fund Types</u> |                               | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------------------|-------------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u>    |   |
| <b>Cash Receipts:</b>  |                                |                               |   |
| Taxes  | \$21,795                       | \$27,265                      | \$49,061                                |
| Intergovernmental Receipts   | 22,745                         | 88,641                        | 111,385                                 |
| Interest   | 2,508                          | 1,261                         | 3,769                                   |
| Other Revenue  | 192                            | 396                           | 588                                     |
|  | <hr/>                          | <hr/>                         | <hr/>                                   |
| Total Cash Receipts  | 47,240                         | 117,563                       | 164,803                                 |
| <b>Cash Disbursements:</b>   |                                |                               |   |
| Current:   |                                |                               |   |
| General Government   | 41,237                         |                               | 41,237                                  |
| Public Safety  |                                | 7,769                         | 7,769                                   |
| Public Works   | 4,904                          | 22,658                        | 27,562                                  |
| Health   | 2,247                          | 55,406                        | 57,653                                  |
| Miscellaneous  |                                | 5,000                         | 5,000                                   |
| Capital Outlay   | 58,982                         |                               | 58,982                                  |
|  | <hr/>                          | <hr/>                         | <hr/>                                   |
| Total Disbursements  | 107,370                        | 90,833                        | 198,202                                 |
| Total Receipts Over/(Under) Disbursements  | <hr/> <u>(60,129)</u>          | <hr/> <u>26,730</u>           | <hr/> <u>(33,399)</u>                   |
| <b>Other Financing Receipts/(Disbursements):</b>   |                                |                               |   |
| Proceeds of Notes  | <hr/> <u>58,982</u>            | <hr/> <u></u>                 | <hr/> <u>58,982</u>                     |
| Total Other Financing Receipts/(Disbursements)   | <hr/> <u>58,982</u>            | <hr/> <u></u>                 | <hr/> <u>58,982</u>                     |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements<br>and Other Financing Disbursements | (1,147)                        | 26,730                        | 25,583                                  |
| <b>Fund Cash Balances January 1</b>  | <hr/> <u>37,864</u>            | <hr/> <u>112,869</u>          | <hr/> <u>150,733</u>                    |
| <b>Fund Cash Balances, December 31</b>   | <hr/> <u><b>\$36,717</b></u>   | <hr/> <u><b>\$139,599</b></u> | <hr/> <u><b>\$117,334</b></u>           |
| Reserves for Encumbrances, December 31   | <hr/> <u>\$29</u>              | <hr/> <u>\$0</u>              | <hr/> <u>\$29</u>                       |

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

**CARTHAGE TOWNSHIP  
 CHANGES IN CASH BALANCES  
 NONEXPENDABLE TRUST FUND  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

|  | <b>Nonexpendable<br/>Trust Fund</b> |
|--|-------------------------------------|
| <b>Operating Cash Receipts:</b>        |                                     |
| Total Operating Cash Receipts          | \$0                                 |
| <b>Operating Cash Disbursements:</b>   |                                     |
| Total Operating Cash Disbursements     |                                     |
| Operating Income/(Loss)                |                                     |
| Fund Cash Balances, January 1          | 1,151                               |
| <b>Fund Cash Balances, December 31</b> | <b>\$1,151</b>                      |

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



**CARTHAGE TOWNSHIP  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1998**

|   | <u>Governmental Fund Types</u> |                            | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>                     |                                |                            |   |
| Taxes                                     | \$21,929                       | \$26,867                   | \$48,795                                |
| Intergovernmental Receipts                | 27,229                         | 115,081                    | 142,310                                 |
| Interest                                  | 2,257                          | 1,338                      | 3,594                                   |
| Other Revenue                             | 3,907                          |                            | 3,907                                   |
|   | <u>55,321</u>                  | <u>143,285</u>             | <u>198,606</u>                          |
| <b>Total Cash Receipts</b>                |                                |                            |   |
| <b>Cash Disbursements:</b>                |                                |                            |   |
| Current:                                  |                                |                            |   |
| General Government                        | 31,930                         |                            | 31,930                                  |
| Public Safety                             |                                | 7,833                      | 7,833                                   |
| Public Works                              | 7,034                          | 81,078                     | 81,078                                  |
| Health                                    | 3,950                          |                            | 3,950                                   |
| Miscellaneous                             |                                | 6,490                      | 6,490                                   |
|   | <u>42,914</u>                  | <u>95,401</u>              | <u>131,280</u>                          |
| <b>Total Disbursements</b>                |                                |                            |   |
| Total Receipts Over/(Under) Disbursements | 12,407                         | 47,885                     | 60,292                                  |
| Fund Cash Balances January 1              | <u>25,457</u>                  | <u>64,984</u>              | <u>90,441</u>                           |
| <b>Fund Cash Balances, December 31</b>    | <u><b>\$37,864</b></u>         | <u><b>\$112,869</b></u>    | <u><b>\$150,733</b></u>                 |
| Reserves for Encumbrances, December 31    | <u>\$68</u>                    | <u>\$1,069</u>             | <u>\$1,137</u>                          |

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

**CARTHAGE TOWNSHIP  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
NONEXPENDABLE FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998**

|                                      | <b>Nonexpendable<br/>Trust Fund</b> |
|--------------------------------------|-------------------------------------|
| <b>Operating Cash Receipts:</b>      |                                     |
| Total Operating Cash Receipts        | \$0                                 |
| <b>Operating Cash Disbursements:</b> |                                     |
| Total Operating Cash Disbursements   |                                     |
| Operating Income/(Loss)              |                                     |
| Cash Balances, January 1             | 1,151                               |
| <b>Cash Balances, December 31</b>    | <b>\$1,151</b>                      |

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

**CARTHAGE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Carthage Township, Athens County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including maintenance of roads and fire protection.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

Cash accounts and Certificate of Deposits are valued at cost. The Township has no investments.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

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

**CARTHAGE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**D. Fund Accounting (Continued)**

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

Federal Emergency Management Agency (FEMA) Fund - This fund receives money from the Federal Emergency Management Agency to provide flood damage relief to the Township.

Fire Fund - This fund receives tax monies to provide fire protection to local residents.

Road and Bridge Fund - This fund receives property tax money to maintain Township roads and bridges.

Permissive Motor Vehicle License- This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

**3. Fiduciary Funds (Trust and Agency Funds)**

Trust Funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund.

Nonexpendable Trust Fund - This fund maintains the trust corpus and receives the interest income earned. The income is to be used for perpetual care of certain graves or cemeteries.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**CARTHAGE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**D. Fund Accounting (Continued)**

**3. Encumbrances**

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

|                         | <b>1999</b>      | <b>1998</b>      |
|-------------------------|------------------|------------------|
| Certificate of Deposits | \$600            | \$600            |
| Demand deposits         | 176,867          | 151,284          |
|                         | <b>\$177,467</b> | <b>\$151,884</b> |

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

| 1999 Budgeted vs. Actual Receipts |                      |                    |                   |
|-----------------------------------|----------------------|--------------------|-------------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance          |
| General                           | \$ 38,497            | \$ 119,222         | \$ 80,725         |
| Special Revenue                   | 93,758               | 117,563            | 23,805            |
| Nonexpendable Trust               |                      |                    |                   |
| Total                             | <b>\$ 132,255</b>    | <b>\$ 236,785</b>  | <b>\$ 104,530</b> |

**CARTHAGE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |             |
|---|----------------------------|---------------------------|-------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
| General   | \$ 76,393                  | \$ 120,398                | \$ (44,005) |
| Special Revenue                                       | 199,869                    | 90,832                    | 109,037     |
| Nonexpendable Trust                                   |                            |                           |             |
| Total   | \$ 276,262                 | \$ 211,230                | \$ 65,032   |

| 1998 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$ 37,136            | \$ 55,321          | \$ 18,185 |
| Special Revenue                   | 95,163               | 143,285            | 48,122    |
| Nonexpendable Trust               | 52                   |                    | (52)      |
| Total                             | \$ 132,351           | \$ 198,606         | \$ 66,255 |

| 1998 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$ 62,302                  | \$ 42,982                 | \$ 19,320 |
| Special Revenue                                       | 161,783                    | 96,470                    | 65,313    |
| Nonexpendable Trust                                   | 603                        |                           | 603       |
| Total   | \$ 224,688                 | \$ 139,452                | \$ 85,236 |

**4. PROPERTY TAX**

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

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

**CARTHAGE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**4. PROPERTY TAX (Continued)**

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, 1999 was as follows:

|                                  | Principal | Interest<br>Rate |
|----------------------------------|-----------|------------------|
| General Obligation Note - Grader | \$ 59,002 | 4%               |
| Total                            | \$ 59,002 |                  |

The Grader Loan was entered into by the Township in 1999. Annual payments, including principal and interest totaling \$65,890, will be made through 2004, beginning in 2000.

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

| Year ending<br>December 31: | General<br>Obligation<br>Note-Grader |
|-----------------------------|--------------------------------------|
| 2000                        | \$ 13,178                            |
| 2001                        | 13,178                               |
| 2002                        | 13,178                               |
| 2003                        | 13,178                               |
| 2004                        | 13,178                               |
| Total                       | \$ 65,890                            |

**6. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**CARTHAGE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**7. RISK MANAGEMENT**

The Township has acquired insurance coverage with the Grange Mutual Casualty Insurance Co which assumes the risk of loss up to the limits of the Township's policy. The following risks are covered by the Grange Mutual Casualty Insurance Co.:

- Commercial General Liability Coverage
- Commercial Property Coverage
- Commercial Inland Marine Coverage
- Commercial Auto Coverage
- Officials Liability Policy

The Township has secured public official's bonds through a private carrier.

The Township provides medical insurance to the full-time employee through a private carrier.





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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Trustees:

We have audited the accompanying financial statements of Carthage Township, Athens County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 30, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 30, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 30, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

March 30, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**CARTHAGE TOWNSHIP**

**ATHENS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 20, 2000**