



OHIO AUDITOR OF STATE
KEITH FABER



**CARTHAGE TOWNSHIP
ATHENS COUNTY**

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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
Guyville, Ohio 45735

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Carthage Township, Athens County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2023 and 2022, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2026, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

January 6, 2026

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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, 2023*

	General	Special Revenue	Permanent	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$71,014	\$207,074	\$0	\$278,088
Intergovernmental	28,237	386,618	0	414,855
Earnings on Investments	331	105	0	436
Miscellaneous	1,567	850	0	2,417
<i>Total Cash Receipts</i>	<u>101,149</u>	<u>594,647</u>	<u>0</u>	<u>695,796</u>
Cash Disbursements				
Current:				
General Government	115,768	0	0	115,768
Public Safety	0	99,834	0	99,834
Public Works	0	510,641	0	510,641
Health	0	17,127	0	17,127
Human Services	0	1,819	0	1,819
Debt Service:				
Principal Retirement	0	3,924	0	3,924
Interest and Fiscal Charges	0	276	0	276
<i>Total Cash Disbursements</i>	<u>115,768</u>	<u>633,621</u>	<u>0</u>	<u>749,389</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(14,619)</u>	<u>(38,974)</u>	<u>0</u>	<u>(53,593)</u>
Other Financing Receipts (Disbursements)				
Other Financing Sources	0	15,110	0	15,110
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>15,110</u>	<u>0</u>	<u>15,110</u>
<i>Net Change in Fund Cash Balances</i>	<u>(14,619)</u>	<u>(23,864)</u>	<u>0</u>	<u>(38,483)</u>
<i>Fund Cash Balances, January 1</i>	<u>48,925</u>	<u>233,249</u>	<u>651</u>	<u>282,825</u>
<i>Fund Cash Balances, December 31</i>	<u>\$34,306</u>	<u>\$209,385</u>	<u>\$651</u>	<u>\$244,342</u>

See accompanying notes to the basic financial statements

Carthage Township

Athens County

*Combined Statement of Additions, Deductions
and Changes in Fund Balance (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2023*

Fiduciary Fund Types

Additions

Earnings on Investments	_____	Private Purpose Trust
	_____	\$27
<i>Total Additions</i>	_____	27
<i>Net Change in Fund Balances</i>	_____	27
<i>Fund Cash Balances, January 1</i>	_____	1,133
<i>Fund Cash Balances, December 31</i>	_____	\$1,160

See accompanying notes to the basic financial statements

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Carthage Township, Athens County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection. The Township appropriates a Fire Levy to support a volunteer fire department.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 7 to the financial statements provides 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 additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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.

Miscellaneous Special/FEMA Fund The Miscellaneous Special/FEMA Fund accounts for revenue and expenditures related to FEMA projects.

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, 2023
(Continued)

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

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 (C). 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03 (C) 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2023 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.

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Accumulated Leave

Township employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Motor Vehicle License Tax Fund and Road and Bridge Fund by \$3,181 and \$26,816, respectively. Further, contrary to Ohio law, purchase orders and blankets certificates were not certified by the Fiscal Officer, as indicated by her signature on the purchase order.

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$120,500	\$101,149	(\$19,351)
Special Revenue	642,943	609,757	(33,186)
Permanent	100	0	(100)
Fiduciary	100	27	(73)
Total	\$763,643	\$710,933	(\$52,710)

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$138,885	\$118,417	\$20,468
Special Revenue	627,500	649,944	(22,444)
Permanent	100	0	100
Fiduciary	0	0	0
Total	\$766,485	\$768,361	(\$1,876)

Note 5 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2023
<i>Cash Management Pool:</i>	
Demand Deposits	\$243,902
Certificates of Deposit	1,600
<i>Total carrying amount of deposits held in the Pool</i>	<u>\$245,502</u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Township is holding \$6,846 in unremitted employee and employer payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS); a collateral pool of eligible securities deposited with a qualified trustee

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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.

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>2023</u>	
Cash and investments	\$33,494,457
Actuarial liabilities	\$10,885,549

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.

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township 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, 2023.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 10 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Station Building Bonds	\$28,330	0.9%

The Township issued Fire Station Building Bonds in 2020 for \$40,000 to finance construction of a Fire Station Building. The bonds mature in installations on or before November 27, 2030. The Township's taxing authority collateralized the bonds.

Amortization

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

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Year Ending December 31:	Fire Station Building Bonds
2024	4,201
2025	4,201
2026	4,201
2027	4,201
2028	4,201
2029-2030	<u>8,402</u>
Total	<u><u>\$29,407</u></u>

Note 11 – 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.

Note 12 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Unclaimed Monies	\$0	\$0	\$0	\$0
Corpus	0	0	600	600
Outstanding Encumbrances	<u>2,649</u>	<u>16,323</u>	<u>0</u>	<u>18,972</u>
Total	<u>\$2,649</u>	<u>\$16,323</u>	<u>\$600</u>	<u>\$19,572</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted or committed amounts in the special revenue and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2023, the Township spent a portion of its COVID-19 funding. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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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, 2022*

	General	Special Revenue	Permanent	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$73,702	\$212,452	\$0	\$286,154
Intergovernmental	20,842	288,805	0	309,647
Earnings on Investments	121	77	0	198
Miscellaneous	2,871	5,100	0	7,971
<i>Total Cash Receipts</i>	<i>97,536</i>	<i>506,434</i>	<i>0</i>	<i>603,970</i>
Cash Disbursements				
Current:				
General Government	101,635	11,281	0	112,916
Public Safety	0	23,015	0	23,015
Public Works	0	431,047	0	431,047
Health	0	50,017	0	50,017
Human Services	0	7,486	0	7,486
Debt Service:				
Principal Retirement	4,972	13,905	0	18,877
Interest and Fiscal Charges	213	295	0	508
<i>Total Cash Disbursements</i>	<i>106,820</i>	<i>537,046</i>	<i>0</i>	<i>643,866</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(9,284)</i>	<i>(30,612)</i>	<i>0</i>	<i>(39,896)</i>
Other Financing Receipts (Disbursements)				
Other Financing Sources	101	2,513	0	2,614
<i>Total Other Financing Receipts (Disbursements)</i>	<i>101</i>	<i>2,513</i>	<i>0</i>	<i>2,614</i>
<i>Net Change in Fund Cash Balances</i>	<i>(9,183)</i>	<i>(28,099)</i>	<i>0</i>	<i>(37,282)</i>
<i>Fund Cash Balances, January 1</i>	<i>58,108</i>	<i>261,348</i>	<i>651</i>	<i>320,107</i>
<i>Fund Cash Balances, December 31</i>	<i>\$48,925</i>	<i>\$233,249</i>	<i>\$651</i>	<i>\$282,825</i>

See accompanying notes to the basic financial statements

Carthage Township

Athens County

*Combined Statement of Additions, Deductions
and Changes in Fund Balance (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2022*

Fiduciary Fund Types

Additions

Earnings on Investments	Private Purpose Trust
	<hr/>
	\$26
<i>Total Additions</i>	<hr/>
	26
<i>Net Change in Fund Balances</i>	26
<i>Fund Cash Balances, January 1</i>	<hr/>
	1,107
<i>Fund Cash Balances, December 31</i>	<hr/>
	\$1,133

See accompanying notes to the basic financial statements

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Carthage Township, Athens County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection. The Township appropriates a Fire Levy to support a volunteer fire department.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 7 to the financial statements provides 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 additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

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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.

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

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 (C). 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 financial reporting provisions of Ohio Revised Code §117.38 and Ohio Administrative Code 117-2-03 (C) 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2022 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

Township employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, 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, 2022
(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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Township's General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, and Road and Bridge Fund by \$102,856; \$2,319; \$170,727; and \$64,915, respectively, as of December 31, 2022. Further, contrary to Ohio law, purchase orders and blankets certificates were not certified by the Fiscal Officer, as indicated by her signature on the purchase order.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

2022 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$143,000	\$97,637	(\$45,363)
Special Revenue	613,300	508,947	(104,353)
Permanent	2,100	0	(2,100)
Fiduciary	0	26	26
Total	\$758,400	\$606,610	(\$151,790)

2022 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,964	\$106,820	(\$102,856)
Special Revenue	12,381	537,046	(524,665)
Permanent	0	0	0
Fiduciary	0	0	0
Total	\$16,345	\$643,866	(\$627,521)

Note 5 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2022
<i>Cash Management Pool:</i>	
Demand Deposits	\$282,358
Certificates of Deposit	1,600
<i>Total carrying amount of deposits held in the Pool</i>	\$283,958

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Township is holding \$4,846 in unremitted employee and employer payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS); a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

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.

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:

2022

Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

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.

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township 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, 2022.

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 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Note 10 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Station Building Bonds	\$32,254	0.9%

The Township issued Fire Station Building Bonds in 2020 for \$40,000 to finance construction of a Fire Station Building. The bonds mature in installations on or before November 27, 2030. The Township's taxing authority collateralized the bonds.

Amortization

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

Carthage Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Year Ending December 31:	Fire Station Building Bonds
2023	\$4,201
2024	4,201
2025	4,201
2026	4,201
2027	4,201
2028-2030	<u>12,603</u>
Total	<u><u>\$33,608</u></u>

Note 11 – 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.

Note 12 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Unclaimed Monies	\$0	\$0	\$0	\$0
Corpus	0	0	600	600
Outstanding Encumbrances	0	0	0	0
Total	\$0	\$0	\$600	\$600

The fund balance of special revenue funds is either restricted or committed. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted or committed amounts in the special revenue and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2022, the Township received COVID-19 funding. The Township will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of Carthage Township, Athens County, Ohio (the Township) and have issued our report thereon dated January 6, 2026, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. 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 Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-002 through 2023-007 that we consider to be material weaknesses.

Carthage Township
Athens County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which are described in the accompanying Schedule of Findings as items 2023-001 through 2023-003.

Township's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

January 6, 2026

**CARTHAGE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

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

FINDING NUMBER 2023-001

Noncompliance

Ohio Rev. Code § 5549.21 provided that the board of township trustees may purchase or lease such machinery and tools as are necessary for use in constructing, reconstructing, maintaining, and repairing roads and culverts within the township, and shall provide suitable places for housing and storing machinery and tools owned by the township.

During 2022, the Township purchased materials in the amount of \$53,747. No bidding documentation was maintained nor mentioned in the minute record. The failure to competitively bid required projects could lead to higher costs.

The Township should review bidding requirements to ensure all required contract projects expected to exceed the thresholds, are competitively bid.

Officials' Response: The Township President was under the knowledge that jobs didn't need to be bid out if under \$50,000. However, the Township will look into this matter for the future jobs. Also, the Township has jobs that need to be taken care of quickly.

FINDING NUMBER 2023-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

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.

The Township did not maintain documentation to support the Board approval of appropriations in 2022. Further, due to inadequate policies and procedures in approving and reviewing budget versus actual information, for the funds tested, the Township's General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, and Road and Bridge Fund had expenditures in excess of appropriations of \$102,856; \$2,319; \$170,727; and \$64,915 as of December 31, 2022, respectively. This was due to no permanent approved appropriations being formally approved by the board. As of December 31, 2023, expenditures exceeded appropriations for the Motor Vehicle License Tax Fund and Road and Bridge Fund by \$3,181 and \$26,816, respectively. This was due to appropriations posted to the system that were not approved by the Board.

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 approve formal permanent appropriations and 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.

**CARTHAGE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022
(Continued)**

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

FINDING NUMBER 2023-002 (Continued)

Noncompliance and Material Weakness- Ohio Rev. Code § 5705.38(A) (Continued)

Officials' Response: The Fiscal Officer will make sure that those appropriations be covered in the last meeting of the year and sent to the County Auditor's office as soon as possible.

FINDING NUMBER 2023-003

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required meet the obligation or, the case of continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

Due to deficiencies in internal controls, purchase orders and blanket certificates were not certified by the Fiscal Officer, as indicated by her signature on the purchase order, for 100% of transactions tested in fiscal years 2023 and 2022. In addition, the Township could not provide nine of the utilized purchase orders in 2022 and six in 2023. Failure to properly certify the availability of funds can result in overspending funds.

Prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

Officials' Response: The Fiscal Officer didn't realize that her signature was required, she thought that her name and the Trustees' signatures were appropriate. From now on she will sign each purchase order just as the Trustees do.

FINDING NUMBER 2023-004

Material Weakness- Financial Reporting

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.

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

For the year ended December 31, 2023 the following items were noted:

- Earnings on Investments were not allocated to the correct funds. This resulted in an increase in Earnings on Investments in the Private Purpose Trust Fund and a decrease in Earnings on Investments in the General Fund of \$26.

**CARTHAGE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022
(Continued)**

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

FINDING NUMBER 2023-004 (Continued)

Material Weakness- Financial Reporting (Continued)

- Expenditures were not posted to the proper function. In the Special levy Fire Fund (2191), this resulted in an increase to Public Safety and a decrease in General Government of \$79,311. In the Road and Bride Fund (2031), this resulted in an increase to Public Works and a decrease in Public Safety of \$84,323. In the American Rescue Plan Act Fund (2273), this resulted in an increase to Public Works, and a decrease in General Government of \$49,002.

For the year ended December 31, 2022 the following items were noted:

- Earnings on Investments were not allocated to the correct funds. This resulted in an increase in Earnings on Investments in the Private Purpose Trust Fund and a decrease in Earnings on Investments in the General Fund of \$25.
- A donation for the upkeep of the cemetery was incorrectly posted as Earnings on Investments. This resulted in a decrease in Earnings on Investments and a decrease in cash in the Permanent Fund of \$5,000 as well as an increase in Miscellaneous receipts and an increase in cash of \$5,000 in the Cemetery Fund.
- Expenditures were not posted in the proper function. In the Road and Bridge Fund (2031), this resulted in an increase to Public Works and a decrease in Public Safety of \$63,093. In the ARPA Fund (2273), this resulted in an increase to Public Works and a decrease in General Government of \$28,440.

The notes to the financial statements also required material adjustment for 2023 and 2022. 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 audited financial statements.

The Fiscal Officer should refer to the Township Handbook 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.

Officials' Response: The Fiscal Officer will try harder to make sure that postings are done to the correct funds.

FINDING NUMBER 2023-005

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 receiving, depositing, disbursing, and reconciling. It is, therefore, important that the Board of Trustees monitor financial activity closely.

**CARTHAGE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022
(Continued)**

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

FINDING NUMBER 2023-005 (Continued)

Material Weakness- Financial Monitoring (Continued)

The Fiscal Officer did not maintain support to demonstrate the Board reviewed any financial reports, including budget and actual information, for eleven months during 2022 and ten months during 2023. Failure to identify specific reports reviewed each month and document in the minute record can lead to some question as to actual review.

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.

Officials' Response: The Trustees are given all end of the month paperwork, fund balance, payment, receipt, appropriations, bank reconciliation at the monthly meetings.

FINDING NUMBER 2023-006

Material Weakness- Cash Reconciliation Process

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) 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 did not properly reconcile the bank statements to the cash journal resulting in reconciling factors due to timing issues and other variances. Bank reconciliations completed included "other adjusting factors" for every reconciliation completed in 2022 and 2023. Also, monthly bank to book reconciliations were not prepared for January and May of 2022. Further, monthly bank to book reconciliations were not reviewed by the Board each month during 2022 and 2023.

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 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.

Officials' Response: The Fiscal Officer tries to reconcile the bank statements each month. She will try to reconcile each month before the meetings.

**CARTHAGE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022
(Continued)**

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

FINDING NUMBER 2023-007

Material Weakness- Budgetary Amounts not Recorded in Accounting System

Sound accounting practices require accurately posting of 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.

- During 2022, an amendment to increase the General Fund's estimated resources by \$20,000 was submitted with the County but not recorded in the accounting system.
- Also, during 2022, the Township did not approve formal permanent appropriations. Therefore, the appropriations recorded in the system for the funds tested in the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax, Road and Bridge Fund and Road District Fund, did not agree by \$145,050; \$30,000; \$198,000; \$77,000 and \$100,210 respectively.
- During 2023, appropriations differed from the approved appropriations and the system reports for the following funds tested: Motor Vehicle License Tax Fund, Gasoline Tax Fund, and Road and Bridge Fund by \$7,000; \$10,000; and \$23,294, respectively.

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The approved Amended Certificate of Estimated Resources was not properly posted to the accounting system.

Failure to accurately post the 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.

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

Officials' Response: The Fiscal Officer will make every effort to make sure all budget numbers are accurate and all paperwork is filed on time at the county auditors' office.

**CARTHAGE TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022
(Continued)**

4. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2023-008

Finding for Recovery

Ohio Rev. Code § 117.24 requires the Auditor of State to determine whether “public money has been illegally expended, any public money collected has not been accounted for, any public money due has not been collected, or any public property has been converted or misappropriated. . . .” Those determinations in an audit report constitute “findings for recovery.” Ohio Rev. Code § 9.24(H)(3).

Prior to September 13, 2022, under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internat'l. Preparatory School*, 128 Ohio St.3d 50 (2010).

Township Fiscal Officer, Maleta Gayle Buckley, continued to pay child support after the employee ceased working for the township in the amount of \$250.45. Ms. Buckley also submitted payroll tax withholdings late incurring late fees to Ohio Taxation of \$4.29 and submitted pension withholdings to Ohio Public Employees Retirement System (OPERS) late incurring late fees of \$211.58. All of the late fees were paid by the township.

After September 13, 2022, Ohio Rev. Code § 507.14 states that a township fiscal officer or deputy fiscal officer shall not be held liable for a loss of public funds when the township fiscal officer or deputy fiscal officer has performed all official duties required of the township fiscal officer or deputy fiscal officer with reasonable care, but shall be liable only when a loss of public funds results from the township fiscal officer's or deputy fiscal officer's negligence or other wrongful act.

Township Fiscal Officer, Maleta Gayle Buckley, continued to pay child support after the employee ceased working for the township in the amount of \$801.44 through 2023. Ms. Buckley also submitted payroll tax withholdings late incurring late fees to Ohio Taxation of \$16.23 and submitted pension withholdings to Ohio Public Employees Retirement System (OPERS) late incurring late fees of \$228.54. Ms. Buckley also incurred late fees and interest in the amount of \$120.65 by paying the township's credit card late. All of the late fees were paid by the township.

The failure to pay payroll tax withholdings, OPERS pension withholding payments and credit card payments timely is considered gross negligence. Late payment fees, penalties and interest incurred through gross negligence are illegal expenditures which do not serve a proper public purpose. These charges would have been avoided had the funds been remitted by the required due dates.

The continued payment of child support after an employee left the employment of the Township constitute illegal expenditures which do not serve a proper public purpose. These payments could have been avoided had the Township's records been updated.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §§ 117.24 and 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Fiscal Officer Maleta Gayle Buckley, and her faithful performance policy issued by Ohio Township Risk Management Authority, jointly and severally, in the amount of \$1,633.18, and in favor of the Township's General Fund for \$1,633.18.

Officials' Response: The Fiscal Officer wasn't able to stop payment of child support. She tried several times; we were finally able to stop it by having stopped payment through the bank. We will try better to make all payments on a timely manner.

Office of

Board of Trustees

**Carthage Township
Athens County
Athens, Ohio
5600 Bean Cemetery Road
Guysville, Ohio 45735
740-662-0024**

GAYLE BUCKLEY, Township Clerk

ROBERT PULLINS, Trustee President

RANSON CALAWAY, Trustee

WILLIAM GUESS, Trustee

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2023 AND 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Finding for Recovery and noncompliance related to unsupported expenditures totaling \$1,873 and sales tax of \$43.	Fully Corrected	The full amount was paid to the Township and received on June 13, 2023 from Sedgwick Claims.
2021-002	Noncompliance with Ohio Rev. Code § 5705.09(E) The Board did not establish a separate bond retirement fund for the repayment of its general obligation bonds.	No Longer Warranting Further Action	The related debt was paid off during the audit period.
2021-003	Noncompliance and Material Weakness related to Ohio Rev. Code § 5705.41(D)(1) due to improper certification or purchase orders.	Not Corrected	The Fiscal Officer didn't realize that her signature was required, she thought that her name and the Trustees' signatures were appropriate. From now on she will sign each purchase order just as the Trustees do.
2021-004	Material Weakness relating to Financial Monitoring as the Fiscal Officer did not maintain support to demonstrate the Board reviewed any financial reports, including budget and actual information, for nine months during 2021.	Not Corrected	The Trustees are given all end of the month paperwork, fund balance, payment, receipt, appropriations, bank reconciliation at the monthly meetings.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2023 AND 2022
(Continued)

Finding Number	Finding Summary	Status	Additional Information
2021-005	Material Weakness related to insufficient Bank Reconciliations.	Not Corrected	The Fiscal Officer tries to reconcile the bank statements each month. She will try to reconcile each month before the meetings.
2021-006	Material Weakness relating to Financial reporting due to material audit adjustments.	Not Corrected	The Fiscal Officer will try harder to make sure that postings are done to the correct funds.

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 1/20/2026

65 East State 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