



Mary Taylor, CPA
Auditor of State

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

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CARROLL COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Carrollton
Carroll County
80 Second Street SW
Carrollton, Ohio 44615

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carrollton, Carroll County, Ohio (the Village), as of and for the years ended December 1, 2006 and 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carrollton, Carroll County, Ohio, as of December 31, 2006 and 2005, and the respective changes in financial position and the respective budgetary comparisons for the General, Street Construction, Maintenance and Repair, Income Tax and Landfill Escrow Funds for the years then ended in conformity with accounting principles generally accepted in the United States of America.

For the year ended December 31, 2005, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293

Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

www.auditor.state.oh.us

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

October 29, 2007

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**Management's Discussion and Analysis
December 31, 2006 and 2005
Unaudited**

This discussion and analysis of the financial performance of the Village of Carrollton, Carroll County, Ohio, (the Village) provides an overall review of the Village's financial activities for the years ended December 31, 2006 and December 31, 2005, within the limitations of the Village's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2006 and 2005 are as follows:

- Net assets of governmental activities increased \$41,598 or 4.89 percent during 2006 and increased \$96,217 or 11.90 percent during 2005. The fund most affected by the increase in cash and cash equivalents in 2006 and 2005 was the Income Tax Fund, which had an increase in fund balance of \$68,153 and \$54,692, respectively.
- The Village's general receipts are primarily property and income taxes. During 2006 and 2005, these receipts represent 63.87 and 63.39 percent, respectively, of the total cash received for governmental activities during the year.
- Net assets of business-type activities increased \$12,524 or 11.64 percent during 2006 and decreased \$26,789 or 28.18 percent during 2005. The fund most affected by the increase in cash and cash equivalents in 2006 was the Water Fund, which had an increase in net assets of \$39,975, while the same fund had a \$28,275 decrease in fund balance during 2005.
- The Village's business-type receipts are primarily charges for services. During 2006 and 2005, these receipts represent 99.26 and 99.11 percent, respectively, of the total cash received for business-type activities during the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**Management's Discussion and Analysis
December 31, 2006 and 2005
Unaudited
(Continued)**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2006 and 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activities: The Government has two business-type activities, the provision of water and sewer. Business-type activities are financed by a fee charged to the customers receiving the service.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**Management's Discussion and Analysis
December 31, 2006 and 2005
Unaudited
(Continued)**

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds, not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General, Street Construction Maintenance and Repair, Courtview Sewer, Income Tax and Landfill Escrow funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has two enterprise funds, the water fund and the sewer fund. When the services are provided to other departments of the Government, it is reported as an internal service fund. The Government has no internal service funds at this time.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The Village has no fiduciary funds.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2006 compared to 2005:
(Table 1)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Assets						
Cash & Cash Equivalents	742,838	713,764	107,593	95,068	850,431	808,832
Total Assets	<u>742,838</u>	<u>713,764</u>	<u>107,593</u>	<u>95,068</u>	<u>850,431</u>	<u>808,832</u>
Net Assets						
Unrestricted	742,838	713,764	107,593	95,068	850,431	808,832
Total Net Assets	<u>742,838</u>	<u>713,764</u>	<u>107,593</u>	<u>95,068</u>	<u>850,431</u>	<u>808,832</u>

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**Management's Discussion and Analysis
December 31, 2006 and 2005
Unaudited
(Continued)**

Net assets of governmental activities increased \$29,073 or 3.91 percent during 2006 and increased \$123,006 or 17.23 percent during 2005. Net assets of business-type activities increased \$12,524 or 11.64 percent during 2006 and decreased \$26,789 or 28.18 percent during 2005.

Table 2 reflects components of the changes in net assets in 2006 and 2005.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$32,163	\$31,735	\$285,849	\$361,671	\$318,012	\$393,406
Total Program Receipts	<u>32,163</u>	<u>31,735</u>	<u>285,849</u>	<u>361,671</u>	<u>318,012</u>	<u>393,406</u>
General Receipts:						
Property and Other Local Taxes	1,045,006	1,011,637			1,045,006	1,011,637
Grants and Entitlements Not Restricted to Specific Programs	380,564	381,282			380,564	381,282
Charges for Services and Sales			309,350	225,865	309,350	225,865
Fines, Licenses and Permits	106,671	106,729			106,671	106,729
Interest	27,188	16,682			27,188	16,682
Miscellaneous	63,574	95,998	4,425	5,287	67,999	101,285
Total General Receipts	<u>1,623,003</u>	<u>1,612,328</u>	<u>313,775</u>	<u>231,152</u>	<u>1,936,778</u>	<u>1,843,480</u>
Total Receipts	<u>1,655,166</u>	<u>1,644,063</u>	<u>599,624</u>	<u>592,823</u>	<u>2,254,790</u>	<u>2,236,886</u>
Disbursements:						
General Government	259,684	249,805			259,684	249,805
Security of Persons and Property:	591,010	577,537			591,010	577,537
Public Health Services	18,345	20,095			18,345	20,095
Leisure Time Activities	34,041	36,372			34,041	36,372
Community Environment	20,061	5,264			20,061	5,264
Basic Utilities			228,097	238,417	228,097	238,417
Transportation	282,304	288,188			282,304	288,188
Capital Outlay	353,066	232,957	57,752	123,254	410,818	356,211
Debt Service	98,840	96,360	19,112	19,112	117,952	115,472
Other	18,763	12,663	232,116	240,647	250,879	253,310
Total Disbursements	<u>1,676,114</u>	<u>1,519,241</u>	<u>537,077</u>	<u>621,430</u>	<u>2,213,191</u>	<u>2,140,671</u>
Excess (Deficiency)	(20,948)	124,822	62,547	(28,607)	41,599	96,215
Transfers	50,022	(1,817)	(50,022)	1,817	0	0
Increase (Decrease) in Net Assets	<u>29,074</u>	<u>123,005</u>	<u>12,525</u>	<u>(26,790)</u>	<u>41,599</u>	<u>96,215</u>
Net Assets, January 1	<u>713,764</u>	<u>590,759</u>	<u>95,068</u>	<u>121,858</u>	<u>808,832</u>	<u>712,617</u>
Net Assets, December 31	<u>\$742,838</u>	<u>\$713,764</u>	<u>\$107,593</u>	<u>\$95,068</u>	<u>\$850,431</u>	<u>\$808,832</u>

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**Management's Discussion and Analysis
December 31, 2006 and 2005
Unaudited
(Continued)**

Program receipts represent 1.94 percent and 1.93 percent of total receipts in the governmental activities for 2006 and 2005, respectively. Program receipts in the governmental activities are primarily comprised of fire service contracts, fines, licenses and permits and franchise fees in the governmental activities. Program receipts in the business-type activities consist of 99.26 percent and 99.11 percent of the total receipts for 2006 and 2005, respectively, and consist of water/sewer charges for services or sales of bulk water and meter taps.

General receipts represent 98.06 percent and 98.07 percent of the Village's 2006 and 2005, respectively, total receipts for governmental activities and of this amount; over 64.39 percent and 62.74 percent are property and local taxes. State and federal grants and entitlements as well as interest earned and fines, licenses and permits make up the balance of the Village's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other government activities. These include the costs of Council, the Village Administrator, Clerk/Treasurer, Village Solicitor, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to General Fund unrestricted receipts. However, the business-type activities also share in the cost of the Clerk/Treasurer and the Village Solicitor.

Security of Persons and Property are the costs of police and fire protection; public health services is the health department; leisure time activities are the costs of maintaining the parks and playing fields as well as the salary and benefits for the Recreation Director; the economic development department funds the Building and Zoning Inspector and his needs; and transportation is the cost of maintaining the street department employees and street paving.

Governmental Activities

If you look at the statement of activities on pages 10 and 20, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property; general government; and Transportation. The next three columns of the Statement, titled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers and other sources. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**Management's Discussion and Analysis
December 31, 2006 and 2005
Unaudited
(Continued)**

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2006	2006	2005	2005
Security of Persons and Property	591,010	558,847	577,538	545,803
Public Health Services	18,345	18,345	20,095	20,095
Leisure Time Activities	34,041	34,041	36,372	36,372
Community Environment	20,061	20,061	5,264	5,264
Transportation	282,303	282,303	288,187	288,187
General Government	259,684	259,684	249,805	249,805
Capital Outlay	353,066	353,066	232,957	232,957
Debt Service	98,840	98,840	96,360	96,360
Total Expenses	1,657,350	1,625,187	1,506,578	1,474,843

The dependence upon property and income tax receipts is apparent as 98.06 percent of governmental activities were supported through these general receipts during 2006 and 97.89 percent during 2005.

Business-type Activities

The water and sewer operations of the Village are relatively small and routinely reports receipts and cash disbursements that are relatively equal. The infrastructure of the wastewater treatment plan is very old and in need of major upgrades or replacement. The Village has begun discussing the need for major repairs and or replacement and how these will be funded. Parts of the sewer plant are over 100 years old and replacement parts are almost impossible to obtain.

The Village's Funds

Total governmental funds had receipts of \$1,655,166 and 1,644,063 for 2006 and 2005, respectively, and disbursements of \$1,676,114 and \$1, 519,241 for 2006 and 2005, respectively. In 2006, the greatest change within governmental funds occurred within the General Fund. The fund balance for the General Fund decreased \$91,513 as the result increased costs for salaries and benefits and not achieving anticipated growth in income and property tax receipts. In 2005, the greatest change within governmental funds occurred within the Income Tax Fund. The fund balance of the Income Tax Fund increased \$54,682 as a result of less transfers to the General Fund.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The fund balance of the General Fund decreased \$91,513 during 2006 and increased \$40,827 during 2005 as the result of increased costs for salaries and benefits and not achieving anticipated growth in property tax receipts.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**Management's Discussion and Analysis
December 31, 2006 and 2005
Unaudited
(Continued)**

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2006, the Village's outstanding debt included \$245,000 in general obligation bonds issued for improvements to buildings and structures, and \$213,095 for waterline loans, \$38,393 for the fire truck loan and \$112,297 in a municipal lease for a street sweeper. For further information regarding the Village's debt, refer to Note 11 to the basic financial statements.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a possible deficit for 2007. The finance committee and the administration will work together to implement some cost effective measures such as controlling spending and eliminating overtime wages. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Village. All departments have been asked to reduce their spending for overtime wages and to order any supplies in a more cost effective manner.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Judi Noble, Clerk/Treasurer, Village of Carrollton, 80 2nd Street SW, Carrollton, Ohio 44615.

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**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2006*

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 742,838	\$ 107,593	\$ 850,431
<i>Total Assets</i>	<u>\$ 742,838</u>	<u>\$ 107,593</u>	<u>\$ 850,431</u>
Net Assets			
Unrestricted	\$ 742,838	\$ 107,593	\$ 850,431
<i>Total Net Assets</i>	<u>\$ 742,838</u>	<u>\$ 107,593</u>	<u>\$ 850,431</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2006*

	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>		
	Cash Disbursements	Charges for Services and Sales	Governmental Activities	Business-Type Activities	Total
Governmental Activities					
Security of Persons and Property	\$591,010	\$32,163	(\$558,847)		(\$558,847)
Public Health Services	18,345		(18,345)		(18,345)
Leisure Time Activities	34,041		(34,041)		(34,041)
Community Environment	20,061		(20,061)		(20,061)
Transportation	282,304		(282,304)		(282,304)
General Government	259,684		(259,684)		(259,684)
Capital Outlay	353,066		(353,066)		(353,066)
Debt Service	98,840		(98,840)		(98,840)
Other	0		-		-
<i>Total Governmental Activities</i>	<u>1,657,351</u>	<u>32,163</u>	<u>(1,625,188)</u>	-	<u>(1,625,188)</u>
Business Type Activities					
Basic Utility Services	228,097	228,097		0	0
Capital Outlay	57,752	57,752		0	0
Debt Service	19,112			(19,112)	(19,112)
Other	232,116			(232,116)	(232,116)
<i>Total Business Type Activities</i>	<u>537,077</u>	<u>285,849</u>	<u>0</u>	<u>(251,228)</u>	<u>(251,228)</u>
<i>Total Primary Government</i>	<u>\$2,194,428</u>	<u>\$318,012</u>	<u>(\$1,625,188)</u>	<u>(\$251,228)</u>	<u>(\$1,876,416)</u>
General Receipts					
Property and Other Local Taxes			1,045,006		1,045,006
Intergovernmental			380,564		380,564
Special Assessments					0
Charges for Services				309,350	309,350
Fines, Licenses and Permits			106,671		106,671
Earnings on Investments			27,188		27,188
Miscellaneous			44,528	1,903	46,431
<i>Total General Receipts</i>			<u>1,603,957</u>	<u>311,253</u>	<u>1,915,210</u>
Transfers			50,022	(50,022)	0
Other Sources			283	2,522	2,805
<i>Total Transfers and Other Sources</i>			<u>50,305</u>	<u>(47,500)</u>	<u>2,805</u>
Change in Net Assets			29,074	12,525	41,599
<i>Net Assets Beginning of Year</i>			<u>713,764</u>	<u>95,068</u>	<u>808,832</u>
<i>Net Assets End of Year</i>			<u>\$742,838</u>	<u>\$107,593</u>	<u>\$850,431</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006*

	General	Street Construction, Maintenance and Repair	Courtview Sewer	Income Tax	Landfill Escrow	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$155,792	\$53,036	\$47,500	\$153,411	\$208,490	\$124,609	\$742,838
<i>Total Assets</i>	<u>155,792</u>	<u>53,036</u>	<u>47,500</u>	<u>153,411</u>	<u>208,490</u>	<u>124,609</u>	<u>742,838</u>
Fund Balances							
Reserved:							
Reserved for Encumbrances	11,326	2,305	46,810	152	3,950	2,458	67,001
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	144,466						144,466
Special Revenue Funds		50,731	690	153,259	204,540	121,551	530,771
Capital Projects Funds						600	600
Permanent Fund							0
<i>Total Fund Balances</i>	<u>\$155,792</u>	<u>\$53,036</u>	<u>\$47,500</u>	<u>\$153,411</u>	<u>\$208,490</u>	<u>\$124,609</u>	<u>\$742,838</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006*

	General	Street Construction, Maintenance and Repair	Courtview Sewer	Income Tax	Landfill Escrow	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$195,752			\$760,293		\$88,961	\$1,045,006
Intergovernmental	92,330	\$155,041				133,193	380,564
Charges for Services	9,663					22,500	32,163
Fines, Licenses and Permits	78,117				\$27,500	1,054	106,671
Earnings on Investments	24,822	1,217				1,149	27,188
Miscellaneous	2,739					41,789	44,528
Total Receipts	403,423	156,258	0	760,293	27,500	288,646	1,636,120
Disbursements							
Current:							
Security of Persons and Property	507,541					83,469	591,010
Public Health Services	18,345						18,345
Leisure Time Activities	33,641					400	34,041
Community Environment	20,061						20,061
Transportation	161,641	109,636				11,027	282,304
General Government	236,307			23,377			259,684
Capital Outlay	128,932	75,000	2,522			146,612	353,066
Debt Service	46,520	16,450				35,870	98,840
Total Disbursements	1,152,988	201,086	2,522	23,377	0	277,378	1,657,351
Excess of Receipts Over Disbursements	(749,565)	(44,828)	(2,522)	736,916	27,500	11,268	(21,231)
Transfers In	650,000		50,022				700,022
Transfers Out				(650,000)			(650,000)
Advances In	80,000						80,000
Advances Out	(80,000)						(80,000)
Other Financing Sources	8,052	3,751				7,243	19,046
Other Financing Uses				(18,763)			(18,763)
Total Other Financing Sources (Uses)	658,052	3,751	50,022	(668,763)	0	7,243	50,305
Net Change in Fund Balances	(91,513)	(41,077)	47,500	68,153	27,500	18,511	29,074
Fund Balances Beginning of Year	247,305	94,113	0	85,258	180,990	106,098	713,764
Fund Balances End of Year	\$155,792	\$53,036	\$47,500	\$153,411	\$208,490	\$124,609	\$742,838

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$503,370	\$503,370	\$195,752	(\$307,618)
Intergovernmental	237,424	237,424	92,330	(145,094)
Charges for Services	24,848	24,848	9,663	(15,185)
Fines, Licenses and Permits	200,875	200,875	78,117	(122,758)
Earnings on Investments	63,829	63,829	24,822	(39,007)
Miscellaneous	7,043	7,043	2,739	(4,304)
<i>Total Receipts</i>	1,037,390	1,037,390	403,423	(633,967)
Disbursements				
Current:				
Security of Persons and Property	504,997	504,793	507,541	(2,748)
Public Health Services	20,027	20,019	18,345	1,674
Leisure Time Activities	35,745	35,730	33,641	2,089
Community Environment	5,387	5,384	20,061	(14,677)
Transportation	286,357	286,241	161,641	124,600
General Government	308,797	308,672	236,307	72,365
Capital Outlay	0	0	128,932	(128,932)
Debt Service	44,041	44,023	46,520	(2,497)
<i>Total Disbursements</i>	1,205,351	1,204,862	1,152,988	51,874
<i>Excess of Receipts Over (Under) Disbursements</i>	(167,961)	(167,472)	(749,565)	(685,841)
Other Financing Sources (Uses)				
Transfers In			650,000	(650,000)
Transfers Out	(25,000)	(24,990)		(24,990)
Advances In			80,000	(80,000)
Advances Out			(80,000)	80,000
Other Financing Sources	(3,000)	(2,999)	8,052	(11,051)
<i>Total Other Financing Sources (Uses)</i>	(28,000)	(27,989)	658,052	(686,041)
<i>Net Change in Fund Balance</i>	(195,961)	(195,461)	(91,513)	(1,371,882)
<i>Fund Balance Beginning of Year</i>	247,305	247,305	247,305	247,305
<i>Fund Balance End of Year</i>	\$51,344	\$51,844	\$155,792	(\$1,124,577)

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Street Construction, Maintenance & Repair
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$139,307	\$139,307	\$155,041	\$15,734
Earnings on Investments	1,093	1,093	1,217	124
<i>Total Receipts</i>	<u>140,400</u>	<u>140,400</u>	<u>156,258</u>	<u>15,858</u>
Disbursements				
Current:				
Transportation	116,813	116,813	109,636	7,177
Capital Outlay	79,910	79,910	75,000	4,910
Debt Service	17,527	17,527	16,450	1,077
<i>Total Disbursements</i>	<u>214,250</u>	<u>214,250</u>	<u>201,086</u>	<u>13,164</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(73,850)</u>	<u>(73,850)</u>	<u>(44,828)</u>	<u>2,694</u>
Other Financing Sources (Uses)				
Transfers In			3,751	(3,751)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>3,751</u>	<u>(3,751)</u>
<i>Net Change in Fund Balance</i>	(73,850)	(73,850)	(41,077)	(1,057)
<i>Fund Balance Beginning of Year</i>	<u>94,113</u>	<u>94,113</u>	<u>94,113</u>	<u>94,113</u>
<i>Fund Balance End of Year</i>	<u>\$20,263</u>	<u>\$20,263</u>	<u>\$53,036</u>	<u>\$93,056</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Income Tax
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$650,000	\$650,000	\$760,293	\$110,293
<i>Total Receipts</i>	<u>650,000</u>	<u>650,000</u>	<u>760,293</u>	<u>110,293</u>
Disbursements				
Current:				
General Government	23,531	23,632	23,377	255
<i>Total Disbursements</i>	<u>23,531</u>	<u>23,632</u>	<u>23,377</u>	<u>255</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>626,469</u>	<u>626,368</u>	<u>736,916</u>	<u>110,038</u>
Other Financing Sources (Uses)				
Transfers Out	(654,282)	(657,100)	(650,000)	(7,100)
Other Financing Uses	(18,887)	(18,968)	(18,763)	(205)
<i>Total Other Financing Sources (Uses)</i>	<u>(673,169)</u>	<u>(676,068)</u>	<u>(668,763)</u>	<u>(7,305)</u>
<i>Net Change in Fund Balance</i>	(46,700)	(49,700)	68,153	102,733
<i>Fund Balance Beginning of Year</i>	<u>85,258</u>	<u>85,258</u>	<u>85,258</u>	<u>85,258</u>
<i>Fund Balance End of Year</i>	<u>\$38,558</u>	<u>\$35,558</u>	<u>\$153,411</u>	<u>\$187,991</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Landfill Escrow Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Fines, Licenses and Permits	30,000.00	30,000.00	27,500.00	-2,500.00
<i>Total Receipts</i>	<u>30,000</u>	<u>30,000</u>	<u>27,500</u>	<u>(2,500)</u>
Disbursements				
Current:				
General Government	50,000	50,000	0	50,000
<i>Total Disbursements</i>	<u>50,000</u>	<u>50,000</u>	<u>0</u>	<u>50,000</u>
<i>Net Change in Fund Balance</i>	(20,000)	(20,000)	27,500	(52,500)
<i>Fund Balance Beginning of Year</i>	<u>180,990</u>	<u>180,990</u>	<u>180,990</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$160,990</u></u>	<u><u>\$160,990</u></u>	<u><u>\$208,490</u></u>	<u><u>(\$52,500)</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2006*

	Water	Sewer	Total Enterprise Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$52,440	\$55,153	\$107,593
Total Assets	52,440	55,153	107,593
Net Assets			
Unrestricted	52,440	55,153	107,593
<i>Total Net Assets</i>	\$52,440	\$55,153	\$107,593

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2006*

	Water	Sewer	Total Enterprise Funds
Operating Receipts			
Charges for Services	\$346,980	\$248,219	\$595,199
Other Operating Receipts	1,903		1,903
<i>Total Operating Receipts</i>	<u>348,883</u>	<u>248,219</u>	<u>597,102</u>
Operating Disbursements			
Billing	26,443	32,674	59,117
Pumping	36,247	132,733	168,980
Other	175,423	56,693	232,116
<i>Total Operating Disbursements</i>	<u>238,113</u>	<u>222,100</u>	<u>460,213</u>
<i>Operating Income</i>	<u>110,770</u>	<u>26,119</u>	<u>136,889</u>
Non-Operating Receipts (Disbursements)			
Capital Outlay	(51,684)	(6,068)	(57,752)
Debt Service	(19,112)		(19,112)
Other Financing Sources	0	2,522	2,522
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(70,796)</u>	<u>(3,546)</u>	<u>(74,342)</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>39,974</u>	<u>22,573</u>	<u>62,547</u>
Transfers Out		(50,022)	(50,022)
Advances In	80,000		80,000
Advances Out	(80,000)		(80,000)
<i>Change in Net Assets</i>	39,974	(27,449)	12,525
<i>Net Assets Beginning of Year</i>	<u>12,466</u>	<u>82,602</u>	<u>95,068</u>
<i>Net Assets End of Year</i>	<u><u>\$52,440</u></u>	<u><u>\$55,153</u></u>	<u><u>\$107,593</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2005*

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 713,764	\$ 95,068	\$ 808,832
<i>Total Assets</i>	<u>\$ 713,764</u>	<u>\$ 95,068</u>	<u>\$ 808,832</u>
Net Assets			
Unrestricted	\$ 713,764	\$ 95,068	\$ 808,832
<i>Total Net Assets</i>	<u>\$ 713,764</u>	<u>\$ 95,068</u>	<u>\$ 808,832</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2005*

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets		Total
	Cash Disbursements	Charges for Services and Sales	Governmental Activities	Business-Type Activities	
Governmental Activities					
Security of Persons and Property	\$577,538	\$31,735	(\$545,803)		(\$545,803)
Public Health Services	20,095		(20,095)		(20,095)
Leisure Time Activities	36,372		(36,372)		(36,372)
Community Environment	5,264		(5,264)		(5,264)
Transportation	288,187		(288,187)		(288,187)
General Government	249,805		(249,805)		(249,805)
Capital Outlay	232,957		(232,957)		(232,957)
Debt Service	96,360		(96,360)		(96,360)
<i>Total Governmental Activities</i>	<u>1,506,578</u>	<u>31,735</u>	<u>(1,474,843)</u>	-	<u>(1,474,843)</u>
Business Type Activities					
Basic Utility Services	238,417	238,417		0	0
Capital Outlay	123,254	123,254		0	0
Debt Service	19,112			(19,112)	(19,112)
Other	240,647			(240,647)	(240,647)
<i>Total Business Type Activities</i>	<u>621,430</u>	<u>361,671</u>	<u>0</u>	<u>(259,759)</u>	<u>(259,759)</u>
<i>Total Primary Government</i>	<u>\$2,128,008</u>	<u>\$393,406</u>	<u>(\$1,474,843)</u>	<u>(\$259,759)</u>	<u>(\$1,734,602)</u>
General Receipts					
Property and Other Local Taxes			1,011,637		1,011,637
Intergovernmental			381,282		381,282
Charges for Services				225,865	225,865
Fines, Licenses and Permits			106,729		106,729
Earnings on Investments			16,682		16,682
Miscellaneous			47,841	1,994	49,835
<i>Total General Receipts</i>			<u>1,564,171</u>	<u>227,859</u>	<u>1,792,030</u>
Transfers			(1,817)	1,817	0
Other Sources			35,494	3,293	38,787
<i>Total General Receipts, Transfers and Other Sources</i>			<u>33,677</u>	<u>5,110</u>	<u>38,787</u>
Change in Net Assets			123,005	(26,790)	96,215
<i>Net Assets Beginning of Year</i>			<u>590,759</u>	<u>121,858</u>	<u>712,617</u>
<i>Net Assets End of Year</i>			<u>\$713,764</u>	<u>\$95,068</u>	<u>\$808,832</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005*

	General	Street Construction, Maintenance and Repair	Income Tax	Landfill Escrow	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$247,305	\$94,113	\$85,258	\$180,990	\$106,098	\$713,764
<i>Total Assets</i>	<u>247,305</u>	<u>94,113</u>	<u>85,258</u>	<u>180,990</u>	<u>106,098</u>	<u>713,764</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	7,469	1,850		3,950	624	13,893
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	239,836					239,836
Special Revenue Funds		92,263	85,258	177,040	104,874	459,435
Capital Projects Funds					600	600
<i>Total Fund Balances</i>	<u>\$247,305</u>	<u>\$94,113</u>	<u>\$85,258</u>	<u>\$180,990</u>	<u>\$106,098</u>	<u>\$713,764</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005*

	General	Street Construction, Maintenance and Repair	Income Tax	Landfill Escrow	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 184,805		\$ 742,812		\$ 84,020	\$ 1,011,637
Intergovernmental	205,241	\$ 148,056			27,985	381,282
Charges for Services	9,235				22,500	31,735
Fines, Licenses and Permits	76,282			30,000	447	106,729
Earnings on Investments	15,811	650			221	16,682
Miscellaneous	5,455				42,386	47,841
Total Receipts	496,829	148,706	742,812	30,000	177,559	1,595,906
Disbursements						
Current:						
Security of Persons and Property	490,836				86,701	577,537
Public Health Services	20,095					20,095
Leisure Time Activities	32,661				3,711	36,372
Community Environment	5,264					5,264
Transportation	164,575	110,550			13,063	288,188
General Government	210,798		27,957	11,050		249,805
Capital Outlay	119,701	6,547			106,709	232,957
Debt Service	60,402	2,800			33,158	96,360
Total Disbursements	1,104,332	119,897	27,957	11,050	243,342	1,506,578
Excess of Receipts Over Disbursements	(607,503)	28,809	714,855	18,950	(65,783)	89,328
Other Financing Sources (Uses)						
Transfers In	647,500	4,834			9,900	662,234
Transfers Out	(3,500)		(647,500)		(13,051)	(664,051)
Advances In	60,000					60,000
Advances Out	(60,000)					(60,000)
Other Financing Sources	4,330				43,827	48,157
Other Financing Uses			(12,663)			(12,663)
Total Other Financing Sources (Uses)	648,330	4,834	(660,163)	0	40,676	33,677
Net Change in Fund Balances	40,827	33,643	54,692	18,950	(25,107)	123,005
Fund Balances Beginning of Year	206,478	60,470	30,566	162,040	131,205	590,759
Fund Balances End of Year	\$ 247,305	\$ 94,113	\$ 85,258	\$ 180,990	\$ 106,098	\$ 713,764

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$381,920	\$381,920	\$184,805	(\$197,115)
Intergovernmental	424,153	424,153	205,241	(218,912)
Charges for Services	19,085	19,085	9,235	(9,850)
Fines, Licenses and Permits	157,645	157,645	76,282	(81,363)
Earnings on Investments	32,675	32,675	15,811	(16,864)
Miscellaneous	11,271	11,271	5,454	(5,817)
<i>Total Receipts</i>	1,026,750	1,026,750	496,828	(529,922)
Disbursements				
Current:				
Security of Persons and Property	508,600	508,600	490,836	17,764
Public Health Services	20,170	20,170	20,095	75
Leisure Time Activities	36,000	36,000	32,661	3,339
Community Environment	5,425	5,425	5,264	161
Transportation	288,400	288,400	164,575	123,825
General Government	311,000	311,000	210,798	100,202
Capital Outlay	0	0	119,701	(119,701)
Debt Service	44,041	44,041	60,402	(16,361)
<i>Total Disbursements</i>	1,213,636	1,213,636	1,104,332	109,304
<i>Excess of Receipts Over (Under) Disbursements</i>	(186,886)	(186,886)	(607,504)	(639,226)
Other Financing Sources (Uses)				
Transfers In			647,500	(647,500)
Transfers Out	(5,000)	(5,000)	(3,500)	(1,500)
Advances In			60,000	(60,000)
Advances Out			(60,000)	60,000
Other Financing Sources	(3,000)	(3,000)	4,330	(7,330)
<i>Total Other Financing Sources (Uses)</i>	(8,000)	(8,000)	648,330	(656,330)
<i>Net Change in Fund Balance</i>	(194,886)	(194,886)	40,826	(1,295,556)
<i>Fund Balance Beginning of Year</i>	206,478	206,478	206,478	206,478
<i>Fund Balance End of Year</i>	\$11,592	\$11,592	\$247,304	(\$1,089,078)

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Street Construction, Maintenance & Repair
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	122,522	122,522	148,056	25,534
Earnings on Investments	538	538	650	112
<i>Total Receipts</i>	<u>123,060</u>	<u>123,060</u>	<u>148,706</u>	<u>25,646</u>
Disbursements				
Current:				
Transportation	117,200	117,200	110,550	6,650
Capital Outlay	40,000	40,000	6,547	33,453
Debt Service	2,800	2,800	2,800	0
<i>Total Disbursements</i>	<u>160,000</u>	<u>160,000</u>	<u>119,897</u>	<u>40,103</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(36,940)</u>	<u>(36,940)</u>	<u>28,809</u>	<u>(14,457)</u>
Other Financing Sources (Uses)				
Transfers In			4,834	(4,834)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>4,834</u>	<u>(4,834)</u>
<i>Net Change in Fund Balance</i>	(36,940)	(36,940)	33,643	(19,291)
<i>Fund Balance Beginning of Year</i>	<u>60,470</u>	<u>60,470</u>	<u>60,470</u>	<u>60,470</u>
<i>Fund Balance End of Year</i>	<u>\$23,530</u>	<u>\$23,530</u>	<u>\$94,113</u>	<u>\$41,179</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Income Tax
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$0	\$660,000	\$742,812	\$82,812
<i>Total Receipts</i>	<u>0</u>	<u>660,000</u>	<u>742,812</u>	<u>82,812</u>
Disbursements				
Current:				
General Government	24,100	24,100	27,957	(3,857)
Capital Outlay	1,000	1,000		1,000
<i>Total Disbursements</i>	<u>25,100</u>	<u>25,100</u>	<u>27,957</u>	<u>(2,857)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,100)</u>	<u>634,900</u>	<u>714,855</u>	<u>85,669</u>
Other Financing Sources (Uses)				
Transfers Out	(650,000)	(650,000)	(647,500)	(2,500)
Other Financing Uses	(15,000)	(15,000)	(12,663)	(2,337)
<i>Total Other Financing Sources (Uses)</i>	<u>(665,000)</u>	<u>(665,000)</u>	<u>(660,163)</u>	<u>(4,837)</u>
<i>Net Change in Fund Balance</i>	(690,100)	(30,100)	54,692	80,832
<i>Fund Balance Beginning of Year</i>	<u>30,566</u>	<u>30,566</u>	<u>30,566</u>	<u>30,566</u>
<i>Fund Balance End of Year</i>	<u>(\$659,534)</u>	<u>\$466</u>	<u>\$85,258</u>	<u>\$111,398</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Landfill Escrow
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Fines, Licenses and Permits	\$ 30,000	\$ 30,000	\$ 30,000	0
<i>Total Receipts</i>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>0</u>
Disbursements				
Current:				
General Government	30,000	30,000	11,050	18,950
<i>Total Disbursements</i>	<u>30,000</u>	<u>30,000</u>	<u>11,050</u>	<u>18,950</u>
<i>Net Change in Fund Balance</i>	0	0	18,950	(18,950)
<i>Fund Balance Beginning of Year</i>	<u>162,040</u>	<u>162,040</u>	<u>162,040</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 162,040</u>	<u>\$ 162,040</u>	<u>\$ 180,990</u>	<u>\$ (18,950)</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2005*

	Water	Sewer	Total Enterprise Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$12,466	\$82,602	\$95,068
Total Assets	12,466	82,602	95,068
Net Assets			
Unrestricted	12,466	82,602	95,068
<i>Total Net Assets</i>	\$12,466	\$82,602	\$95,068

See accompanying notes to the basic financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2005*

	Water	Sewer	Total Enterprise Funds
Operating Receipts			
Charges for Services	\$340,053	\$247,483	\$587,536
Other Operating Receipts	1,904	90	1,994
<i>Total Operating Receipts</i>	<u>341,957</u>	<u>247,573</u>	<u>589,530</u>
Operating Disbursements			
Billing	26,667	31,829	58,496
Pumping	39,898	140,023	179,921
Other	184,158	56,489	240,647
<i>Total Operating Disbursements</i>	<u>250,723</u>	<u>228,341</u>	<u>479,064</u>
<i>Operating Income</i>	<u>91,234</u>	<u>19,232</u>	<u>110,466</u>
Non-Operating Receipts (Disbursements)			
Capital Outlay	(104,017)	(19,237)	(123,254)
Debt Service	(19,112)		(19,112)
Other Financing Sources	1,804	1,489	3,293
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(121,325)</u>	<u>(17,748)</u>	<u>(139,073)</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>(30,091)</u>	<u>1,484</u>	<u>(28,607)</u>
Transfers In	3,500		3,500
Transfers Out	(1,683)		(1,683)
Advances In	60,000		60,000
Advances Out	(60,000)		(60,000)
<i>Change in Net Assets</i>	<u>(28,274)</u>	<u>1,484</u>	<u>(26,790)</u>
<i>Net Assets Beginning of Year</i>	<u>40,740</u>	<u>81,118</u>	<u>121,858</u>
<i>Net Assets End of Year</i>	<u><u>\$12,466</u></u>	<u><u>\$82,602</u></u>	<u><u>\$95,068</u></u>

See accompanying notes to the basic financial statements

Village of Carrollton
Carroll County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

NOTE 1 – REPORTING ENTITY

The Village of Carrollton, Carroll County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village does not have any component units.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

Village of Carrollton
Carroll County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash and investment balances, of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

Village of Carrollton
Carroll County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Village's major governmental funds:

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

Street Construction, Maintenance & Repair – This fund receives gasoline tax and motor vehicle license tax monies for constructing, maintaining and repairing Village streets.

Courtview Sewer Fund – This fund receives money from the sewer fund for improvement to the Village's sewer lines.

Income Tax Fund – This fund receives revenues through the collection of a one-percent tax. The tax revenue received is transferred to the general fund and is used to meet the obligations of this fund.

Landfill Escrow Fund – This fund receives fines, license, and permit revenues to cover the Village's portion of closure and postclosure costs of the Carroll County Landfill.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water and sewer funds.

Water Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Village of Carrollton
Carroll County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund and department level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

Village of Carrollton
Carroll County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents"

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2006 and 2005, the Village invested in nonnegotiable certificates of deposit and a repurchase agreement. All investments are reported at cost.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 and 2005 was \$24,822 and \$15,811, respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has no restricted assets.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Inventories resulting from cash transactions are presented at cost on a first-in, first-out basis and are reported as disbursements when used. Prepaid items are reported as disbursements when consumed.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Village of Carrollton
Carroll County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -(Continued)

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 12 and 13, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific use. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds.

NOTE 3 – CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

Last year the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Village has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Village of Carrollton
Carroll County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

NOTE 4 – ACCOUNTABILITY AND COMPLIANCE

Compliance

Contrary to Ohio law, the Village did not encumber all commitments required by Ohio law.

Also, contrary to Ohio law, the Village had appropriations that exceeded estimated resources in the Courtview Sewer Fund.

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General, Street Construction, Maintenance and Repair, Income Tax and Landfill Escrow Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

NOTE 6 – DEPOSITS AND INVESTMENTS

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

Village of Carrollton
Carroll County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

NOTE 6 – DEPOSITS AND INVESTMENTS - (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2006, \$651,430 of the Village's bank balance of \$850,430 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name. At year end 2005, \$510,832 of the Village's bank balance of \$808,832 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2006, the Village had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Sweep Account	\$571,573	1 day

As of December 31, 2005, the Village had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Sweep Account	\$532,976	1 day

Interest Rate Risk

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Village of Carrollton
Carroll County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

NOTE 6 - DEPOSITS AND INVESTMENTS - (Continued)

The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that Star Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The Village does not have any investments in Star Ohio or money market funds.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, governing board, or qualified trustee."

NOTE 7 – INCOME TAXES

The Village levies a 1 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

NOTE 8 – PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Village of Carrollton
Carroll County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

NOTE 8 – PROPERTY TAXES – (Continued)

The full tax rate for all Village operations for the year ended December 31, 2006, was \$3.18 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$12,506,190
Agricultural	3,237,330
Commercial/Industrial/Mineral	3,372,020
Tangible Personal Property	
Business	2,406,410
Public Utility	1,660,930
Total Assessed Value	<u>\$23,182,880</u>

NOTE 9 –RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006 and 2005, the Village contracted with the McFadden Insurance Agency for the Liability/Commercial package. The Liability/Commercial package covers the following risks: general liability, public officials' liability, vehicles, and property.

The Village provides health insurance coverage for full-time employees and their families through Aultcare (major medical and prescription drug coverage). The Village also provides life insurance to all full-time employees through Eastern Life and Health Insurance Company.

The Village 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. The System administers and pays all claims.

NOTE 10 – RETIREMENT SYSTEMS

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant and 24 percent of fire participant wages. OPERS members contributed 9 percent of their wages. The Village contributed an amount equal to 13.7 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

Village of Carrollton
Carroll County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

NOTE 11 - DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$245,000	6.10%
Fire Truck Note	38,393	4.20%
Street Sweeper - Municipal Lease	112,297	4.77%
Ohio Public Works Commission (OPWC) Loan	6,638	0%
Ohio Public Works Commission (OPWC) Loan	68,597	0%
Ohio Public Works Commission (OPWC) Loan	137,860	0%
Total	\$608,785	

The general obligation bonds were issued to renovate the municipal building and safety building and are direct obligations of the Village for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the Village. The Municipal Building Bonds were issued in the amount of \$650,000 on March 1, 1992 and will be repaid by December 1, 2011.

The Ohio Public Works Commission (OPWC) loans relate to a well field transmission line project and a waterline replacement project. The loans are collateralized by water receipts.

The fire truck note was entered into for \$73,000 at an interest rate of 4.20% for the purchase of a new fire truck. The note was approved on April 26, 2004 for a period of 5 years. The promissory noted is backed by a note secured by a business security agreement.

A municipal lease was entered into on May 27, 2004 for a street sweeper at a cost of \$143,274.60 with an interest rate of 4.77%. The lease provides for 8 annual payments.

Amortization of the above debt, including interest, follows:

Year ending December 31:	General Obligation Bonds	Fire Truck Note	Street Sweeper	OPWC Loans
2007	\$64,647	\$18,365	\$21,962	\$19,112
2008	61,408	18,367	21,962	19,112
2009	63,169	10,188	21,962	19,112
2010-2014	120,541		65,886	95,115
2015-2019				60,643
Total	\$309,765	\$46,920	\$131,772	\$213,094

Village of Carrollton
Carroll County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE COSTS

The Village landfill was taken over by Carroll County during 1989 and was closed in 1993. State and Federal laws and regulations require that Carroll County perform certain maintenance and monitoring functions at the closed landfill site for thirty years after closure. The Village shares in the estimated liability disclosed. The Village and the County have pending negotiations regarding the Village's share of the liability. The estimated liability for the landfill is \$2,495,328 for the closure costs and \$1,238,160 for postclosure costs. The estimated cost of landfill closure and postclosure care expenses is based on the amount that would be paid if all materials and services required to monitor and maintain the closed landfill were acquired as of December 31, 2000. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The County and the Village have not yet agreed on the proportion of the liability for which the Village is responsible and an estimate is not currently determinable. As of the date of this report, the Village does not have a comprehensive plan for retiring this liability and is considering its options.



Mary Taylor, CPA

Auditor of State

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

Village of Carrollton
Carroll County
80 Second Street SW
Carrollton, Ohio 44615

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Carrollton, Carroll County, (the Village) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 29, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Village's management in a separate letter dated October 29, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 and 2006-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 29, 2007.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Government's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management and Village Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

October 29, 2007

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Ohio Rev. Code Sections 5705.41(D)(1) and 5705.41(D)(3), respectively:

Then and Now Certificate - If the fiscal officer can certify that both at the time the contract or order was made and at the time that he/she is completing his/her certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Blanket Certificate – Fiscal officers may prepare so-called "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Although the obligations paid by the Village had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund, and free from any previous encumbrance, this certification of available funds was not obtained prior to incurring the obligation for 6.67% and 10% of transactions tested in 2006 and 2005, respectively, and there was no evidence of a "Then and Now" certificate being utilized by the Village Clerk/Treasurer. Failure to properly certify the availability of funds can result in overspending of funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Village Clerk/Treasurer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include certification language Section 5705.41(D) requires to authorize disbursements. The Village Clerk/Treasurer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Village Clerk/Treasurer should post approved purchase commitments to the appropriation code, to reduce the available appropriation.

Officials' Response: In the future the Village will attempt to certify funds prior to purchases or will utilize the "then and now" certificates as well as the use of blanket certificates.

FINDING NUMBER 2006-002

Noncompliance Citation

Ohio Revised Code Section 5705.36 and 5705.39 provide that "appropriations from each fund shall not exceed the estimated revenue available for expenditure therefore, as certified by the county budget commission."

At year end 2006, the following Fund had appropriations in excess of the amount certified as available by the Budget Commission:

Fund	Estimated Resources	Appropriation	Variance
Courtview Sewer Fund	\$45,022	\$50,022	\$(5,000)

Section 5705.36, Revised Code permits a subdivision to obtain an amended certificate from the Budget Commission for revenues received in excess of the prior estimate or from a new source.

For the above mentioned fund, the Village could have obtained an amended certificate in an amount equal to or greater than the total fund appropriations.

We recommend that the Village implement procedures to monitor appropriations and estimated resources and get amended certificates as required to ensure compliance with Ohio Revised Code 5705.36 and 5705.39.

Officials' Response: In the future the Village will periodically review the budget versus actual reports and amend accordingly.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Ohio Rev. Code Section 5705.41(D)(1) – not properly certifying availability of funds prior to incurring obligations.	No	Not Corrected; Repeated as Finding No. 2006-001.



Mary Taylor, CPA
Auditor of State

VILLAGE OF CARROLLTON

CARROLL 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
JULY 1, 2008