

Village of Carrollton
Audited Financial Statements

December 31, 2010 and 2009



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.



Dave Yost • Auditor of State

Members of Council
Village of Carrollton
80 Second Street SW
Carrollton, OH 44615

We have reviewed the *Independent Auditor's Report* of the Village of Carrollton, Carroll County, prepared by Rea & Associates, Inc., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Carrollton is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 20, 2011

This Page is Intentionally Left Blank.

VILLAGE OF CARROLLTON
CARROLL COUNTY

DECEMBER 31, 2010 AND 2009

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis.....	3-10
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis for the year ended December 31, 2010	11
Statement of Activities – Cash Basis for the year ended December 31, 2010	12-13
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds for the year ended December 31, 2010	14
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds for the year ended December 31, 2010	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual - Budget Basis – General Fund for the year ended December 31, 2010	16
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual - Budget Basis – Street Construction, Maintenance & Repair Fund for the year ended December 31, 2010	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual - Budget Basis – Storm Sewers Fund for the year ended December 31, 2010	18
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual - Budget Basis – Fire Department Fund for the year ended December 31, 2010	19
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual - Budget Basis – Income Tax Fund for the year ended December 31, 2010	20

VILLAGE OF CARROLLTON
CARROLL COUNTY

DECEMBER 31, 2010 AND 2009

TABLE OF CONTENTS
(Continued)

	<u>PAGE</u>
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual - Budget Basis – Landfill Escrow Fund for the year ended December 31, 2010	21
Statement of Fund Net Assets – Cash Basis – Proprietary Fund for the year ended December 31, 2010	22
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets – Cash Basis – Proprietary Funds for the year ended December 31, 2010	23
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis for the year ended December 31, 2009	24
Statement of Activities – Cash Basis for the year ended December 31, 2009	25-26
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds for the year ended December 31, 2009	27
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds for the year ended December 31, 2009	28
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual - Budget Basis – General Fund for the year ended December 31, 2009	29
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual - Budget Basis – Street Construction, Maintenance & Repair Fund for the year ended December 31, 2009	30
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual - Budget Basis – Storm Sewers Fund for the year ended December 31, 2009	31

VILLAGE OF CARROLLTON
CARROLL COUNTY

DECEMBER 31, 2010 AND 2009

TABLE OF CONTENTS
(Continued)

	<u>PAGE</u>
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual - Budget Basis – Fire Department Fund for the year ended December 31, 2009	32
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual - Budget Basis – Income Tax Fund for the year ended December 31, 2009	33
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual - Budget Basis – Landfill Escrow Fund for the year ended December 31, 2009	34
Statement of Fund Net Assets – Cash Basis – Proprietary Fund for the year ended December 31, 2009	35
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets – Cash Basis – Proprietary Funds for the year ended December 31, 2009	36
Notes to the Basic Financial Statements	37-62
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	63-64
Schedule of Findings and Responses.....	65



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

June 15, 2011

Members of Council
Village of Carrollton
80 2nd St. SW
Carrollton, OH 44615

Independent Auditor's Report

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 (the "Village"), Carroll County, Ohio as of and for the years ended December 31, 2010 and 2009, 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 audits.

We conducted our audits 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 audits provide 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 cash 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, 2010 and 2009 and the respective changes in cash financial position and the respective budgetary comparison for the General, Street Construction Maintenance and Repair, Storm Sewers, Fire Department, Income Tax, and Landfill Escrow Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

Members of Council
Village of Carrollton
Independent Auditor's Report
Page 2

In accordance with *Government Auditing Standards*, we also have issued our report dated June 15, 2011 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* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 10 is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board 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.

Hea & Associates, Inc.

Village of Carrollton
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

This discussion and analysis of the Village of Carrollton's financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2010 and 2009, within the limitations of the Village's cash basis 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 2010 and 2009 are as follows:

Net assets of governmental activities decreased \$61,245, or 6.83 percent during 2010 and increased \$56,230 or 6.70 percent during 2009. The funds most affected by a decrease in cash and cash equivalents in 2010 were as follows; the general fund in the amount of \$38,531, and the Storm Sewer Fund in the amount of \$69,888. The fund most affected by a decrease in cash and cash equivalents in 2009 was the general fund in the amount of \$52,562. Additional funds were transferred from the Income Tax Fund to the General Fund in the amount of \$700,000 for 2010 and \$600,000 for 2009. However, cost increases affected most funds. Due to the economy, bank interest rates continued to decline for 2009 and 2010. In both 2010 and 2009, the fund most affected by an increase in cash and cash equivalents was the Income Tax Fund.

The Village's general receipts are primarily property and income taxes. Property and income tax receipts for 2010 and 2009 changed very little compared to prior years. Income tax revenues increased in 2010 by \$20,008 and decreased in 2009 by \$39,005. Property tax receipts increased in 2010 by \$4,356 and decreased in 2009 by \$48,263.

The water and sewer operation, the Village's business-type activities, each had increased carryovers for 2010 and 2009 due to water/sewer rate increases and closely monitoring spending to preserve funds for specific projects. The Water and Sewer department's expenses for 2010 decreased over 2009 by \$296,696 due engineering services and construction of several projects (i.e. wastewater treatment plant, water/sewer line replacements, water tank/ meter replacements, etc.)

The sewer plant is very old and in need of extensive repairs or replacement. Water/sewer rates have increased over the past few years to help cover costs of repairs and replacement. Grants and loans have been secured for a new wastewater treatment plant.

A grant in the amount of \$50,000 was received in 2008 for paving which was carried over to 2009 and used during the street paving project.

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.

Village of Carrollton
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

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.

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 2010 and 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments 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 and business-type activity. 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 or business-type activity 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 non-financial 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.

Village of Carrollton
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

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, streets, storm sewers, fire, and income tax. State and federal grants, income and property taxes, traffic/court fines, license fees, and fire contracts finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activities: The Village 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.

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 non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) are combined and presented in total in a single column entitled "Other government funds". The Village's reported major governmental funds are the General Fund, Street Construction Maintenance and Repair Fund, Storm Sewer Fund, Fire Department Fund, Income Tax Fund and the Landfill Escrow Fund. 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 Village, it is reported as an internal service fund. The Village 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.

Village of Carrollton
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2010 and 2009 compared to 2008 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities			Business-Type Activities			Total		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Assets									
Cash and Cash Equivalents	\$835,479	\$896,724	\$840,494	\$906,767	\$806,221	\$603,942	\$1,742,246	\$1,702,945	\$1,444,436
Total Assets	\$835,479	\$896,724	\$840,494	\$906,767	\$806,221	\$603,942	\$1,742,246	\$1,702,945	\$1,444,436
Net Assets									
Restricted for:									
Capital Projects	\$ 600	\$ 600	\$ 600	\$ 0	\$ 0	\$ 0	\$ 600	\$ 600	\$ 600
Other Purposes	712,169	734,883	627,387	0	0	0	712,169	734,883	627,387
Unrestricted	122,710	161,241	212,507	906,767	806,221	603,942	1,029,477	967,462	816,449
Total Net Assets	\$835,479	\$896,724	\$840,494	\$906,767	\$806,221	\$603,942	\$1,742,246	\$1,702,945	\$1,444,436

As mentioned previously, net assets of governmental activities decreased \$61,245 or 6.83 percent during 2010. The primary reasons contributing to the decreases in cash balances are as follows:

Income tax collections were slightly down in 2010 and 2009. Collections in 2008 were \$783,446 and in 2009 the collections amounted to \$744,441 for a decrease of \$39,005. Collections in 2010 amounted to \$764,449 for an increase of \$20,008 over 2009.

In 2009 employee wages were increased by 2% and in 2010 only longevity raises were issued to some employees and those promoted. In 2009 a new full time employee was hired in the water/sewer department along with a part-time employee, also a new full time employee was hired in the street department to replace a retired employee and a part-time office employee was hired. In 2010 a new street department superintendent was named, another employee was promoted to assistant superintendent and a new laborer was hired.

In 2010 and 2009, the Village continued to contribute to each full time employee's Health Savings account.

In 2010 and 2009 the business type activities net assets increased by \$100,546 or approximately 12.47 percent and \$202,279 or approximately 33.49 percent, respectively, due to increases in the water and sewer rates effective both January 2010 and January 2009.

Table 2 reflects the changes in net assets on a cash basis in 2010 and 2009 for governmental activities, business-type activities and total primary government.

**Village of Carrollton
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited**

(Table 2)
Changes in Net Assets

	Governmental			Business-Type			Total		
	Activities			Activities					
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Receipts:									
Program Receipts:									
Charges for Services and Sales	\$177,942	\$201,569	\$136,887	\$1,361,386	\$1,212,282	\$1,004,074	\$1,539,328	\$1,413,871	\$1,140,961
Operating Grants and Contributions	209,251	247,320	224,154	5,000	0	0	214,251	247,320	224,154
Capital Grants and Contributions	344,528	145,472	66,129	0	504,870	4,689	344,528	650,342	70,818
Total Program Receipts	731,721	594,361	427,170	1,366,386	1,717,152	1,008,763	2,098,107	2,311,533	1,435,933
General Receipts:									
Property and Other Local Taxes	231,043	226,687	274,950	0	0	0	231,043	226,687	274,950
Income Taxes	764,449	744,441	783,446	0	0	0	764,449	744,441	783,446
Grants and Entitlements Not Restricted									
to Specific Programs	123,397	216,389	123,837	0	0	0	123,397	216,389	123,837
Sale of Capital Assets	0	0	7,500	0	0	66,242	0	0	73,742
Bond Proceeds	100,000	0	0	0	0	145,959	100,000	0	145,959
Loan Proceeds	333,018	0	35,000	868,841	933,506	0	1,201,859	933,506	35,000
Note Proceeds	0	120,000	0	0	0	0	0	120,000	0
Premium on Debt Issue	0	1,646	0	0	0	0	0	1,646	0
Interest	5,529	9,512	20,613	0	0	0	5,529	9,512	20,613
Miscellaneous	9,056	10,670	35,296	1,167	1,081	1,513	10,223	11,751	36,809
Total General Receipts	1,566,492	1,329,345	1,280,642	870,008	934,587	213,714	2,436,500	2,263,932	1,494,356
Total Receipts	2,298,213	1,923,726	1,707,812	2,236,394	2,651,739	1,222,477	4,534,607	4,575,465	2,930,289
Program Disbursements:									
General Government	308,850	354,649	326,179	0	0	0	308,850	354,649	326,179
Security of Persons and Property:	607,724	580,488	635,693	0	0	0	607,724	580,488	635,693
Public Health Services	21,066	22,317	19,982	0	0	0	21,066	22,317	19,982
Leisure Time Activities	1,201	1,891	4,667	0	0	0	1,201	1,891	4,667
Economic Development	4,713	4,941	5,738	0	0	0	4,713	4,941	5,738
Transportation	379,204	442,165	276,387	0	0	0	379,204	442,165	276,387
Capital Outlay	831,740	330,446	215,827	0	0	0	831,740	330,446	215,827
Debt Service	204,960	130,599	97,720	0	0	0	204,960	130,599	97,720
Enterprise Operations:									
Water	0	0	0	1,542,799	1,689,146	441,920	1,542,799	1,689,146	441,920
Sewer	0	0	0	609,965	760,314	427,526	609,965	760,314	427,526
Total Disbursements	2,359,458	1,867,496	1,582,193	2,152,764	2,449,460	869,446	4,512,222	4,316,956	2,451,639
Other Financing Sources/(Uses)	0	0	512	16,916	0	13,210	16,916	0	13,722
Increase (Decrease) in Net Assets	(61,245)	56,230	126,131	100,546	202,279	366,241	39,301	258,509	492,372
Net Assets, January 1	896,724	840,494	714,363	806,221	603,942	237,701	1,702,945	1,444,436	952,064
Net Assets, December 31	\$835,479	\$896,724	\$840,494	\$906,767	\$806,221	\$603,942	\$1,742,246	\$1,702,945	\$1,444,436

Program receipts represent only 31.84 percent of total receipts in the governmental activities in 2010 and 30.90 percent in 2009. Program receipts 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 consisted of 61.08 percent of the total receipts in 2010 and 64.76 percent in 2009. Program receipts consist of water/sewer charges for services or sales of bulk water and meter taps in the business type activities.

Village of Carrollton
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

General receipts represented 68.16 percent of the Village's total receipts for governmental activities in 2010 and of this amount 48.80 percent are local income taxes. General receipts represented 69.10 percent of the Village's total receipts for governmental activities in 2009 and of this amount 56.00 percent are local income taxes. State and federal grants and entitlements as well as interest earned and the storm sewer charges 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 Village activities. These include the costs of council, mayor, part of the village administrator's expenses, clerk/treasurer, village solicitor, lands and buildings and county/state fees, 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 2/3rds of the cost of the Village Administrator's salary and benefits and the cost of an office employee's wages and benefits.

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the amount assessed by the County for health department services; Leisure Time Activities are the costs of maintaining the parks; 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, you will see that the first column lists the major services provided by the Village. The next column identifies the revenues received and the costs of providing these services. The major program disbursements for governmental activities are for capital outlay, general government, transportation and security of persons and property, which accounted for \$2,127,518 in 2010 and \$1,707,748 in 2009, these disbursements comprised over 90 percent of all governmental disbursements for both years. The next three columns of the Statement entitled Program Revenues 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. These consist of the Fire Protection service contracts, and a \$50,000 Scrap Tire Grant for street paving. The net (Expense) Revenue column compares the program receipts to the cost of service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. 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.

(Table 3)

Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2010	2010	2009	2009	2008	2008
General Government	\$ 308,850	\$ 249,503	\$ 354,649	\$ 281,638	\$ 326,179	\$ 267,944
Security of Persons and Property	607,724	530,010	580,488	504,072	635,693	528,069
Public Health Services	21,066	(4,434)	22,317	(19,710)	19,982	19,982
Leisure Time Activities	1,201	1,201	1,891	1,891	4,667	3,776
Economic Development	4,713	4,713	4,941	(54,090)	5,738	(47,385)
Transportation	379,204	154,572	442,165	243,741	276,387	110,219
Capital Outlay	831,740	487,212	330,446	184,974	215,827	174,698
Debt Service	204,960	204,960	130,599	130,599	97,720	97,720
Total Expenses	\$2,359,458	\$1,627,737	\$1,867,496	\$1,273,115	\$1,582,193	\$1,155,023

Village of Carrollton
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

The dependence upon property and income tax receipts is apparent. The majority of governmental activities are supported through these general receipts.

Business-type Activities

The water and sewer operations of the Village are relatively small, but increasing and routinely reports receipts and cash disbursements that are relatively equal. The infrastructure of the wastewater treatment plant is very old and in need of replacement. Parts of the sewer plant are over 100 years old and replacements parts are almost impossible to obtain. The Village has secured numerous grants and loans for the construction of the new wastewater treatment plant in 2011 and 2012. CT Consultants has been contracted for engineering services for the project and the design phase commenced in 2008. Sewer rates were increased in 2009 and 2010 in anticipation of additional expenses for the new wastewater treatment plant. In 2008, the Village's underground water storage tank was taken off line due to the age and deterioration of the tank. Ground surface water was leaking into the tank at various locations, making the tank unsafe for storage of the Village's drinking water. The above ground water storage tank is in need of major repairs or replacement. Water rates also increased in 2009 and 2010 in anticipation of storage tank replacements. The Village has obtained numerous grants and loans for the replacement of two water tanks and all water meters for existing consumers. This project is known as the Water Capital Project fund and the design phase was completed in 2009 and construction was completed in 2010.

The Village's Funds

Total governmental funds had receipts and other financing sources totaling \$2,998,213 and disbursements and other financing uses totaling \$3,059,458 in 2010. Total governmental funds had receipts and other financing sources totaling \$2,358,090 and disbursements and other financing uses totaling \$2,481,860 in 2009. The greatest change within governmental funds occurred within the Storm Sewer Fund. The Storm Sewer Fund balance decreased by \$69,888 due to replacement of storm sewers in the village. The balance in the Income Tax fund at year end was \$257,175, which could have been transferred to the General Fund for use. Income tax collections are reported as receipts in the income tax fund as established by the Income Tax Ordinance and are transferred into the General Fund as needed and approved by council. However when those income tax revenues are needed by the General Fund they are receipted into the General Fund and expended by the Income tax Fund, thereby over inflating the expenses and revenues in each of those funds.

General Fund receipts, which include refunds, sale of fixed assets and transfers in were exceeded by disbursements by \$38,531, indicating that the General Fund is in a deficit spending situation. It was the recommendation of the finance committee and the administration to closely monitor spending rather than requesting additional funds from the taxpayers, considering there still remains funds in the income fund that have not been transferred to the General Fund. Some of these reductions have been implemented. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property and income taxes remains stagnant.

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.

Village of Carrollton
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

During 2010 and 2009, the Village amended its General Fund budget line items several times to reflect changing circumstances but did not impact fund totals. Final budgeted appropriations were above original budgeted appropriations due to unanticipated expenses.

In 2010, disbursements for the General Fund were budgeted at \$1,235,994, while actual disbursements were \$1,125,175. The Government kept spending very close to budgeted amounts as demonstrated by appropriations exceeding actual disbursements.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure. Future plans are to inventory all assets, but not report on their values in the financial statements.

Debt

At December 31, 2010, the Village's outstanding debt included \$55,000 in general obligation bonds issued for improvements to buildings and structures, \$100,000 in general obligation bonds for a fire truck; \$333,018 for storm sewer loans and \$728,315 for waterline replacement loans from OPWC, \$915,422 for water tank replacements with OWDA, \$253,977 for Wastewater Treatment Plant Engineering services with OWDA, \$11,569 for Wastewater Treatment Plant Rehab and Expansion with OWDA and \$44,074 in capital leases for the street sweeper and copier. For further information regarding the Village's debt, refer to Note 12, Note 13, and Note 14 to the 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. 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 and asked all departments to reduce their spending for overtime wages and to order any supplies in a more cost effective manner.

The administration will also seek grant funding for possible street improvement projects.

Contacting the Village'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 St. SW, Carrollton, Ohio 44615.

This Page is Intentionally Left Blank.

Village of Carrollton
Carroll County
Statement of Net Assets - Cash Basis
December 31, 2010

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	<u>\$835,479</u>	<u>\$906,767</u>	<u>\$1,742,246</u>
<i>Total Assets</i>	<u><u>\$835,479</u></u>	<u><u>\$906,767</u></u>	<u><u>\$1,742,246</u></u>
Net Assets			
Restricted for:			
Capital Projects	\$600	\$0	\$600
Other Purposes	712,169	0	712,169
Unrestricted	<u>122,710</u>	<u>906,767</u>	<u>1,029,477</u>
<i>Total Net Assets</i>	<u><u>\$835,479</u></u>	<u><u>\$906,767</u></u>	<u><u>\$1,742,246</u></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, 2010

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$308,850	\$43,378	\$15,969	\$0
Security of Persons and Property	607,724	51,872	25,842	0
Public Health Services	21,066	25,500	0	0
Leisure Time Activities	1,201	0	0	0
Community Environment	4,713	0	0	0
Transportation	379,204	57,192	167,440	0
Capital Outlay	831,740	0	0	344,528
Debt Service:				
Principal Retirement	190,493	0	0	0
Interest and Fiscal Charges	14,467	0	0	0
Total Governmental Activities	2,359,458	177,942	209,251	344,528
Business Type Activity				
Water	1,542,799	773,749	0	0
Sewer	609,965	587,637	5,000	0
Total Business Type Activities	2,152,764	1,361,386	5,000	0
Total Primary Government	\$4,512,222	\$1,539,328	\$214,251	\$344,528

General Receipts

Property Taxes Levied for:

 General Purposes

 Other Purposes

Income Taxes Levied for General Purposes

Grants and Entitlements not Restricted to Specific Programs

Bond Proceeds

Loan Proceeds

Interest

Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$249,503)	\$0	(\$249,503)
(530,010)	0	(530,010)
4,434	0	4,434
(1,201)	0	(1,201)
(4,713)	0	(4,713)
(154,572)	0	(154,572)
(487,212)	0	(487,212)
(190,493)	0	(190,493)
(14,467)	0	(14,467)
<u>(1,627,737)</u>	<u>0</u>	<u>(1,627,737)</u>
0	(769,050)	(769,050)
0	(17,328)	(17,328)
0	(786,378)	(786,378)
<u>(\$1,627,737)</u>	<u>(\$786,378)</u>	<u>(\$2,414,115)</u>
164,031	0	164,031
67,012	0	67,012
764,449	0	764,449
123,397	0	123,397
100,000	0	100,000
333,018	868,841	1,201,859
5,529	0	5,529
9,056	18,083	27,139
1,566,492	886,924	2,453,416
(61,245)	100,546	39,301
896,724	806,221	1,702,945
<u>\$835,479</u>	<u>\$906,767</u>	<u>\$1,742,246</u>

Village of Carrollton
Carroll County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010

	General	Street Construction, Maintenance and Repair	Storm Sewers	Fire Department	Income Tax	Landfill Escrow	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	\$122,710	\$40,049	\$39,100	\$39,149	\$257,175	\$312,303	\$24,993	\$835,479
Total Assets	\$122,710	\$40,049	\$39,100	\$39,149	\$257,175	\$312,303	\$24,993	\$835,479
Fund Balances								
Reserved:								
Reserved for Encumbrances	\$5,382	\$7,468	\$0	\$2,133	\$725	\$0	\$0	\$15,708
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	117,328	0	0	0	0	0	0	117,328
Special Revenue Funds	0	32,581	39,100	37,016	256,450	312,303	4,577	682,027
Capital Projects Funds	0	0	0	0	0	0	600	600
Permanent Fund	0	0	0	0	0	0	19,816	19,816
Total Fund Balances	\$122,710	\$40,049	\$39,100	\$39,149	\$257,175	\$312,303	\$24,993	\$835,479

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, 2010

	General	Street Construction, Maintenance and Repair	Storm Sewers	Fire Department	Income Tax	Landfill Escrow	Other Governmental Funds	Total Governmental Funds
Receipts								
Property and Other Local Taxes	\$164,031	\$0	\$0	\$67,012	\$764,449	\$0	\$0	\$995,492
Charges for Services	8,849	0	0	25,000	0	0	0	33,849
Fines, Licenses and Permits	71,750	5,000	0	0	0	22,500	0	99,250
Intergovernmental	123,397	155,180	344,528	25,842	0	0	28,229	677,176
Special Assessments	0	0	44,843	0	0	0	0	44,843
Earnings on Investment	5,228	39	0	0	0	0	262	5,529
Miscellaneous	8,007	1,020	0	29	0	0	0	9,056
Total Receipts	381,262	161,239	389,371	117,883	764,449	22,500	28,491	1,865,195
Disbursements								
Current:								
General Government	253,173	0	0	0	28,521	11,187	15,969	308,850
Security of Persons and Property	522,458	0	0	85,266	0	0	0	607,724
Public Health Services	21,066	0	0	0	0	0	0	21,066
Leisure Time Activities	1,001	0	0	0	0	0	200	1,201
Community Environment	4,713	0	0	0	0	0	0	4,713
Transportation	117,603	131,617	118,690	0	0	0	11,294	379,204
Capital Outlay	154,435	1,718	673,587	1,000	1,000	0	0	831,740
Debt Service:								
Principal Retirement	39,336	19,097	0	132,060	0	0	0	190,493
Interest and Fiscal Charges	6,008	2,865	0	5,594	0	0	0	14,467
Total Disbursements	1,119,793	155,297	792,277	223,920	29,521	11,187	27,463	2,359,458
Excess of Receipts Over (Under) Disbursements	(738,531)	5,942	(402,906)	(106,037)	734,928	11,313	1,028	(494,263)
Other Financing Sources (Uses)								
Bond Proceeds	0	0	0	100,000	0	0	0	100,000
Loans Issued	0	0	333,018	0	0	0	0	333,018
Transfers In	700,000	0	0	0	0	0	0	700,000
Transfers Out	0	0	0	0	(700,000)	0	0	(700,000)
Total Other Financing Sources (Uses)	700,000	0	333,018	100,000	(700,000)	0	0	433,018
Net Change in Fund Balances	(38,531)	5,942	(69,888)	(6,037)	34,928	11,313	1,028	(61,245)
Fund Balances Beginning of Year	161,241	34,107	108,988	45,186	222,247	300,990	23,965	896,724
Fund Balances End of Year	\$122,710	\$40,049	\$39,100	\$39,149	\$257,175	\$312,303	\$24,993	\$835,479

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$192,100	\$192,100	\$164,031	(\$28,069)
Charges for Services	9,500	9,500	8,849	(651)
Fines, Licenses and Permits	66,240	66,240	71,750	5,510
Intergovernmental	93,600	93,600	123,397	29,797
Earnings on Investments	8,800	8,800	5,228	(3,572)
Miscellaneous	6,900	6,900	8,007	1,107
<i>Total receipts</i>	<u>377,140</u>	<u>377,140</u>	<u>381,262</u>	<u>4,122</u>
Disbursements				
Current:				
General Government	291,132	295,222	258,555	36,667
Security of Persons and Property	517,700	523,475	522,458	1,017
Public Health Services	22,067	22,067	21,066	1,001
Leisure Time Activities	2,000	2,000	1,001	999
Community Environment	5,950	5,950	4,713	1,237
Transportation	163,500	180,935	117,603	63,332
Capital Outlay	161,300	161,000	154,435	6,565
Debt Service:				
Principal Retirement	39,336	39,336	39,336	0
Interest and Fiscal Charges	6,009	6,009	6,008	1
<i>Total Disbursements</i>	<u>1,208,994</u>	<u>1,235,994</u>	<u>1,125,175</u>	<u>110,819</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(831,854)</u>	<u>(858,854)</u>	<u>(743,913)</u>	<u>114,941</u>
Other Financing Sources (Uses)				
Transfers In	700,000	700,000	700,000	0
Other Financing Uses	(27,000)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>673,000</u>	<u>700,000</u>	<u>700,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(158,854)</u>	<u>(158,854)</u>	<u>(43,913)</u>	<u>114,941</u>
<i>Fund Balance Beginning of Year</i>	145,469	145,469	145,469	0
<i>Prior Year Encumbrances Appropriated</i>	<u>15,772</u>	<u>15,772</u>	<u>15,772</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,387</u>	<u>\$2,387</u>	<u>\$117,328</u>	<u>\$114,941</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
Street Construction, Maintenance & Repair
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Fines, Licenses and Permits	\$0	\$0	\$5,000	\$5,000
Intergovernmental	144,000	144,000	155,180	11,180
Earnings on Investments	0	0	39	39
Miscellaneous	0	0	1,020	1,020
<i>Total receipts</i>	<u>144,000</u>	<u>144,000</u>	<u>161,239</u>	<u>17,239</u>
Disbursements				
Current:				
Transportation	136,100	140,365	139,085	1,280
Capital Outlay	10,000	5,735	1,718	4,017
Debt Service:				
Principal Retirement	19,097	19,097	19,097	0
Interest and Fiscal Charges	2,866	2,866	2,865	1
<i>Total Disbursements</i>	<u>168,063</u>	<u>168,063</u>	<u>162,765</u>	<u>5,298</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,063)</u>	<u>(24,063)</u>	<u>(1,526)</u>	<u>22,537</u>
<i>Net Change in Fund Balance</i>	(24,063)	(24,063)	(1,526)	22,537
<i>Fund Balance Beginning of Year</i>	29,007	29,007	29,007	0
Prior Year Encumbrances Appropriated	<u>5,100</u>	<u>5,100</u>	<u>5,100</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$10,044</u>	<u>\$10,044</u>	<u>\$32,581</u>	<u>\$22,537</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
Storm Sewers
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$0	\$710,266	\$344,528	(\$365,738)
Special Assessments	0	0	44,843	44,843
Miscellaneous	41,000	41,000	0	(41,000)
<i>Total receipts</i>	<u>41,000</u>	<u>751,266</u>	<u>389,371</u>	<u>(361,895)</u>
Disbursements				
Current:				
Transportation	20,000	118,690	118,690	0
Capital Outlay	30,000	702,464	673,587	28,877
<i>Total Disbursements</i>	<u>50,000</u>	<u>821,154</u>	<u>792,277</u>	<u>28,877</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,000)</u>	<u>(69,888)</u>	<u>(402,906)</u>	<u>(333,018)</u>
Other Financing Sources (Uses)				
Loan Proceeds	0	0	333,018	333,018
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>333,018</u>	<u>333,018</u>
<i>Net Change in Fund Balance</i>	<u>(9,000)</u>	<u>(69,888)</u>	<u>(69,888)</u>	<u>0</u>
<i>Fund Balance Beginning of Year</i>	<u>108,988</u>	<u>108,988</u>	<u>108,988</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$99,988</u></u>	<u><u>\$39,100</u></u>	<u><u>\$39,100</u></u>	<u><u>\$0</u></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
Fire Department
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$84,300	\$84,300	\$67,012	(\$17,288)
Charges for Services	22,500	22,500	25,000	2,500
Intergovernmental	7,000	7,000	25,842	18,842
Miscellaneous	0	0	29	29
<i>Total receipts</i>	<u>113,800</u>	<u>113,800</u>	<u>117,883</u>	<u>4,083</u>
Disbursements				
Current:				
Security of Persons and Property	93,900	91,900	87,399	4,501
Capital Outlay	20,000	2,000	1,000	1,000
Debt Service:				
Principal Retirement	12,061	132,061	132,060	1
Interest and Fiscal Charges	5,595	5,595	5,594	1
<i>Total Disbursements</i>	<u>131,556</u>	<u>231,556</u>	<u>226,053</u>	<u>5,503</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(17,756)</u>	<u>(117,756)</u>	<u>(108,170)</u>	<u>9,586</u>
Other Financing Sources (Uses)				
Note Proceeds	0	100,000	100,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(17,756)</u>	<u>(17,756)</u>	<u>(8,170)</u>	<u>9,586</u>
<i>Fund Balance Beginning of Year</i>	42,025	42,025	42,025	0
Prior Year Encumbrances Appropriated	3,161	3,161	3,161	0
<i>Fund Balance End of Year</i>	<u>\$27,430</u>	<u>\$27,430</u>	<u>\$37,016</u>	<u>\$9,586</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$750,000	\$750,000	\$764,449	\$14,449
<i>Total receipts</i>	750,000	750,000	764,449	14,449
Disbursements				
Current:				
General Government	29,750	29,750	29,246	504
Capital Outlay	1,000	1,000	1,000	0
<i>Total Disbursements</i>	30,750	30,750	30,246	504
<i>Excess of Receipts Over (Under) Disbursements</i>	719,250	719,250	734,203	14,953
Other Financing Sources (Uses)				
Transfers Out	(700,000)	(700,000)	(700,000)	0
Other Financing Uses	(20,000)	(20,700)	0	20,700
<i>Total Other Financing Sources (Uses)</i>	(720,000)	(720,700)	(700,000)	20,700
<i>Net Change in Fund Balance</i>	(750)	(1,450)	34,203	35,653
<i>Fund Balance Beginning of Year</i>	221,947	221,947	221,947	0
Prior Year Encumbrances Appropriated	300	300	300	0
<i>Fund Balance End of Year</i>	\$221,497	\$220,797	\$256,450	\$35,653

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Fines, Licenses and Permits	\$30,000	\$24,000	\$22,500	(\$1,500)
<i>Total receipts</i>	30,000	24,000	22,500	(1,500)
Disbursements				
Current:				
General Government	20,000	20,000	11,187	8,813
<i>Total Disbursements</i>	20,000	20,000	11,187	8,813
<i>Net Change in Fund Balance</i>	10,000	4,000	11,313	7,313
<i>Fund Balance Beginning of Year</i>	300,990	300,990	300,990	0
<i>Fund Balance End of Year</i>	\$310,990	\$304,990	\$312,303	\$7,313

See accompanying notes to the basic financial statements

Village of Carrollton
Carroll County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2010

	Business-Type Activities		Total Enterprise Funds
	Water	Sewer	
Assets			
Equity in Pooled Cash and Cash Equivalents	\$615,502	\$291,265	\$906,767
<i>Total Assets</i>	<u>\$615,502</u>	<u>\$291,265</u>	<u>\$906,767</u>
Net Assets			
Unrestricted	\$615,502	\$291,265	\$906,767
	<u>\$615,502</u>	<u>\$291,265</u>	<u>\$906,767</u>

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, 2010

	Business-Type Activities		Total Enterprise Funds
	Water	Sewer	
Operating Receipts			
Charges for Services	\$773,749	\$582,948	\$1,356,697
Intergovernmental	0	5,000	5,000
Special Assessments	0	4,689	4,689
Other Operating Receipts	1,167	0	1,167
<i>Total Operating Receipts</i>	<u>774,916</u>	<u>592,637</u>	<u>1,367,553</u>
Operating Disbursements			
Billing	40,547	41,029	81,576
Pumping	44,321	277,501	321,822
Other	347,623	64,745	412,368
<i>Total Operating Disbursements</i>	<u>432,491</u>	<u>383,275</u>	<u>815,766</u>
<i>Operating Income (Loss)</i>	342,425	209,362	551,787
Non-Operating Receipts (Disbursements)			
Loan Proceeds	857,272	11,569	868,841
Capital Outlay	(1,036,971)	(132,178)	(1,169,149)
Principal Payments	(56,866)	(92,173)	(149,039)
Interest and Fiscal Charges	(16,471)	(2,339)	(18,810)
Miscellaneous	13,616	3,300	16,916
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(239,420)</u>	<u>(211,821)</u>	<u>(451,241)</u>
<i>Change in Net Assets</i>	103,005	(2,459)	100,546
<i>Net Assets Beginning of Year</i>	<u>512,497</u>	<u>293,724</u>	<u>806,221</u>
<i>Net Assets End of Year</i>	<u>\$615,502</u>	<u>\$291,265</u>	<u>\$906,767</u>

See accompanying notes to the basic financial statements

Village of Carrollton
Carroll County
Statement of Net Assets - Cash Basis
December 31, 2009

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$896,724	\$806,221	\$1,702,945
<i>Total Assets</i>	<u>\$896,724</u>	<u>\$806,221</u>	<u>\$1,702,945</u>
Net Assets			
Restricted for:			
Capital Projects	\$600	\$0	\$600
Other Purposes	734,883	0	734,883
Unrestricted	<u>\$161,241</u>	<u>\$806,221</u>	<u>\$967,462</u>
<i>Total Net Assets</i>	<u>\$896,724</u>	<u>\$806,221</u>	<u>\$1,702,945</u>

See accompanying notes to the basic financial statements

This Page is Intentionally Left Blank.

Village of Carrollton
Carroll County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$354,649	\$73,011	\$0	\$0
Security of Persons and Property	580,488	49,734	26,682	0
Public Health Services	22,317	37,380	4,647	0
Leisure Time Activities	1,891	0	0	0
Community Environment	4,941	0	59,031	0
Transportation	442,165	41,464	156,960	0
Capital Outlay	330,446	0	0	145,472
Debt Service:				
Principal Retirement	112,519	0	0	0
Interest and Fiscal Charges	18,080	0	0	0
<i>Total Governmental Activities</i>	<u>1,867,496</u>	<u>201,589</u>	<u>247,320</u>	<u>145,472</u>
Business Type Activity				
Water	1,689,146	710,000	0	504,870
Sewer	760,314	502,282	0	0
<i>Total Business Type Activities</i>	<u>2,449,460</u>	<u>1,212,282</u>	<u>0</u>	<u>504,870</u>
<i>Total Primary Government</i>	<u>\$4,316,956</u>	<u>\$1,413,871</u>	<u>\$247,320</u>	<u>\$650,342</u>
		General Receipts		
		Property Taxes Levied for:		
		General Purposes		
		Other Purposes		
		Income Taxes Levied for General Purposes		
		Grants and Entitlements not Restricted to Specific Programs		
		Note Proceeds		
		Premium on Debt Issue		
		Loan Proceeds		
		Interest		
		Miscellaneous		
		<i>Total General Receipts</i>		
		Change in Net Assets		
		<i>Net Assets Beginning of Year</i>		
		<i>Net Assets End of Year</i>		

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$281,638)	\$0	(\$281,638)
(504,072)	0	(504,072)
19,710	0	19,710
(1,891)	0	(1,891)
54,090	0	54,090
(243,741)	0	(243,741)
(184,974)	0	(184,974)
(112,519)	0	(112,519)
(18,080)	0	(18,080)
<u>(1,273,115)</u>	<u>0</u>	<u>(1,273,115)</u>
0	(474,276)	(474,276)
0	(258,032)	(258,032)
0	(732,308)	(732,308)
<u>(1,273,115)</u>	<u>(732,308)</u>	<u>(2,005,423)</u>
160,709	0	160,709
65,978	0	65,978
744,441	0	744,441
216,389	0	216,389
120,000	0	120,000
1,646	0	1,646
0	933,506	933,506
9,512	0	9,512
10,670	1,081	11,751
1,329,345	934,587	2,263,932
56,230	202,279	258,509
840,494	603,942	1,444,436
<u>\$896,724</u>	<u>\$806,221</u>	<u>\$1,702,945</u>

Village of Carrollton
Carroll County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General	Street Construction, Maintenance and Repair	Storm Sewers	Fire Department	Income Tax	Landfill Escrow	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	\$181,241	\$34,107	\$108,988	\$45,186	\$222,247	\$300,990	\$23,965	\$896,724
Total Assets	\$181,241	\$34,107	\$108,988	\$45,186	\$222,247	\$300,990	\$23,965	\$896,724
Fund Balances								
Reserved:								
Reserved for Encumbrances	\$15,772	\$5,100	\$0	\$3,161	\$300	\$0	\$0	\$24,333
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	145,469	0	0	0	0	0	0	145,469
Special Revenue Funds	0	29,007	108,988	42,025	221,947	300,990	3,609	706,566
Capital Projects Funds	0	0	0	0	0	0	600	600
Permanent Fund	0	0	0	0	0	0	19,756	19,756
Total Fund Balances	\$181,241	\$34,107	\$108,988	\$45,186	\$222,247	\$300,990	\$23,965	\$896,724

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, 2009

	General	Street Construction, Maintenance and Repair	Storm Sewers	Fire Department	Income Tax	Landfill Escrow	Other Governmental Funds	Total Governmental Funds
Receipts								
Property and Other Local Taxes	\$160,709	\$0	\$0	\$65,978	\$744,441	\$0	\$0	\$971,128
Charges for Services	9,426	0	0	20,000	0	0	0	29,426
Fines, Licenses and Permits	94,976	0	0	0	0	35,000	724	130,700
Intergovernmental	216,389	145,187	95,472	26,882	0	0	125,450	609,180
Special Assessments	0	0	41,464	0	0	0	0	41,464
Earnings on Investment	9,095	18	0	0	0	0	399	9,512
Miscellaneous	9,292	67	0	1,311	0	0	0	10,670
Total Receipts	499,887	145,272	136,936	113,971	744,441	35,000	126,573	1,802,080
Disbursements								
Current:								
General Government	271,865	0	0	0	23,753	0	59,031	354,649
Security of Persons and Property	497,701	0	0	80,194	0	0	2,593	580,488
Public Health Services	22,317	0	0	0	0	0	0	22,317
Leisure Time Activities	1,261	0	0	0	0	0	630	1,891
Community Environment	4,941	0	0	0	0	0	0	4,941
Transportation	138,946	124,274	66,843	0	0	0	112,102	442,165
Capital Outlay	146,226	9,030	53,157	121,252	781	0	0	330,446
Debt Service:								
Principal Retirement	45,242	15,091	0	20,049	0	0	32,137	112,519
Interest and Fiscal Charges	9,586	3,137	0	3,745	0	0	1,612	18,080
Total Disbursements	1,138,085	151,532	120,000	225,240	24,534	0	208,105	1,867,496
Excess of Receipts Over (Under) Disbursements	(638,198)	(6,260)	16,936	(111,269)	719,907	35,000	(81,532)	(65,416)
Other Financing Sources (Uses)								
Note Proceeds	0	0	0	120,000	0	0	0	120,000
Premium (Discount) on Debt Issue	0	0	0	1,646	0	0	0	1,646
Transfers In	600,000	0	0	0	0	0	14,364	614,364
Transfers Out	(14,364)	0	0	0	(600,000)	0	0	(614,364)
Total Other Financing Sources (Uses)	585,636	0	0	121,646	(600,000)	0	14,364	121,646
Net Change in Fund Balances	(52,562)	(6,260)	16,936	10,377	119,907	35,000	(67,168)	56,230
Fund Balances Beginning of Year	213,803	40,367	92,052	34,809	102,340	265,990	91,133	840,494
Fund Balances End of Year	\$161,241	\$34,107	\$108,988	\$45,186	\$222,247	\$300,990	\$23,965	\$896,724

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive (Negative)
Receipts				
Property and Other Local Taxes	\$181,020	\$181,020	\$160,709	(\$20,311)
Charges for Services	9,300	9,300	9,426	126
Fines, Licenses and Permits	70,840	70,840	94,976	24,136
Intergovernmental	93,250	80,435	216,389	135,954
Earnings on Investments	15,000	15,000	9,095	(5,905)
Miscellaneous	8,850	8,552	9,292	740
<i>Total receipts</i>	<u>378,260</u>	<u>365,147</u>	<u>499,887</u>	<u>134,740</u>
Disbursements				
Current:				
General Government	343,532	346,553	287,637	58,916
Security of Persons and Property	517,000	517,200	497,701	19,499
Public Health Services	21,060	23,318	22,317	1,001
Leisure Time Activities	2,000	2,000	1,261	739
Community Environment	5,900	5,900	4,941	959
Transportation	164,500	164,500	138,946	25,554
Capital Outlay	160,000	159,600	146,226	13,374
Debt Service:				
Principal Retirement	45,242	45,242	45,242	0
Interest and Fiscal Charges	9,587	9,587	9,586	1
<i>Total Disbursements</i>	<u>1,268,821</u>	<u>1,273,900</u>	<u>1,153,857</u>	<u>120,043</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(890,561)</u>	<u>(908,753)</u>	<u>(653,970)</u>	<u>254,783</u>
Other Financing Sources (Uses)				
Transfers In	750,000	750,000	600,000	(150,000)
Transfers Out	(30,000)	(12,815)	(14,364)	(1,549)
<i>Total Other Financing Sources (Uses)</i>	<u>720,000</u>	<u>737,185</u>	<u>585,636</u>	<u>(151,549)</u>
<i>Net Change in Fund Balance</i>	<u>(170,561)</u>	<u>(171,568)</u>	<u>(68,334)</u>	<u>103,234</u>
<i>Fund Balance Beginning of Year</i>	184,427	184,427	184,427	0
<i>Prior Year Encumbrances Appropriated</i>	<u>29,376</u>	<u>29,376</u>	<u>29,376</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$43,242</u>	<u>\$42,235</u>	<u>\$145,469</u>	<u>\$103,234</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
Street Construction, Maintenance & Repair
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$151,000	\$151,000	\$145,187	(\$5,813)
Earnings on Investments	0	0	18	18
Miscellaneous	0	0	67	67
<i>Total receipts</i>	151,000	151,000	145,272	(5,728)
Disbursements				
Current:				
Transportation	136,750	139,950	129,374	10,576
Capital Outlay	13,000	9,800	9,030	770
Debt Service:				
Principal Retirement	15,091	15,091	15,091	0
Interest and Fiscal Charges	3,137	3,137	3,137	0
<i>Total Disbursements</i>	167,978	167,978	156,632	11,346
<i>Net Change in Fund Balance</i>	(16,978)	(16,978)	(11,360)	5,618
<i>Fund Balance Beginning of Year</i>	36,876	36,876	36,876	0
Prior Year Encumbrances Appropriated	3,491	3,491	3,491	0
<i>Fund Balance End of Year</i>	\$23,389	\$23,389	\$29,007	\$5,618

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
Storm Sewers
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$0	\$880,000	\$95,472	(\$784,528)
Special Assessments	0	0	41,464	41,464
Miscellaneous	41,000	41,000	0	(41,000)
<i>Total receipts</i>	<u>41,000</u>	<u>921,000</u>	<u>136,936</u>	<u>(784,064)</u>
Disbursements				
Current:				
Transportation	0	135,000	66,843	68,157
Capital Outlay	25,000	850,000	53,157	796,843
<i>Total Disbursements</i>	<u>25,000</u>	<u>985,000</u>	<u>120,000</u>	<u>865,000</u>
<i>Net Change in Fund Balance</i>	16,000	(64,000)	16,936	80,936
<i>Fund Balance Beginning of Year</i>	<u>92,052</u>	<u>92,052</u>	<u>92,052</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$108,052</u></u>	<u><u>\$28,052</u></u>	<u><u>\$108,988</u></u>	<u><u>\$80,936</u></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
Fire Department
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$73,300	\$73,300	\$65,978	(\$7,322)
Charges for Services	25,000	145,250	20,000	(125,250)
Intergovernmental	6,300	6,300	26,682	20,382
Miscellaneous	0	0	1,311	1,311
<i>Total receipts</i>	<u>104,600</u>	<u>224,850</u>	<u>113,971</u>	<u>(110,879)</u>
Disbursements				
Current:				
Security of Persons and Property	96,100	98,600	83,354	15,246
Capital Outlay	8,000	125,750	121,253	4,497
Debt Service:				
Principal Retirement	20,071	20,071	20,049	22
Interest and Fiscal Charges	3,755	3,755	3,745	10
<i>Total Disbursements</i>	<u>127,926</u>	<u>248,176</u>	<u>228,401</u>	<u>19,775</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(23,326)</u>	<u>(23,326)</u>	<u>(114,430)</u>	<u>(91,104)</u>
Other Financing Sources (Uses)				
Bonds Proceeds	0	0	120,000	120,000
Premium on Debt Issue	1,646	1,646	1,646	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,646</u>	<u>1,646</u>	<u>121,646</u>	<u>120,000</u>
<i>Net Change in Fund Balance</i>	(21,680)	(21,680)	7,216	28,896
<i>Fund Balance Beginning of Year</i>	33,896	33,896	33,896	0
Prior Year Encumbrances Appropriated	913	913	913	0
<i>Fund Balance End of Year</i>	<u>\$13,129</u>	<u>\$13,129</u>	<u>\$42,025</u>	<u>\$28,896</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, 2009

	<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	\$775,000	\$775,000	\$744,441	(\$30,559)
<i>Total receipts</i>	<u>775,000</u>	<u>775,000</u>	<u>744,441</u>	<u>(30,559)</u>
Disbursements				
Current:				
General Government	29,000	29,000	24,053	4,947
Capital Outlay	1,000	1,000	781	219
<i>Total Disbursements</i>	<u>30,000</u>	<u>30,000</u>	<u>24,834</u>	<u>5,166</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>745,000</u>	<u>745,000</u>	<u>719,607</u>	<u>(25,393)</u>
Other Financing Sources (Uses)				
Transfers Out	(750,000)	(750,000)	(600,000)	150,000
Other Financing Uses	(20,000)	(20,000)	0	20,000
<i>Total Other Financing Sources (Uses)</i>	<u>(770,000)</u>	<u>(770,000)</u>	<u>(600,000)</u>	<u>170,000</u>
<i>Net Change in Fund Balance</i>	<u>(25,000)</u>	<u>(25,000)</u>	<u>119,607</u>	<u>144,607</u>
<i>Fund Balance Beginning of Year</i>	<u>102,340</u>	<u>102,340</u>	<u>102,340</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$77,340</u>	<u>\$77,340</u>	<u>\$221,947</u>	<u>\$144,607</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Fines, Licenses and Permits	<u>\$30,000</u>	<u>\$30,000</u>	<u>\$35,000</u>	<u>\$5,000</u>
<i>Total receipts</i>	<u>30,000</u>	<u>30,000</u>	<u>35,000</u>	<u>5,000</u>
Disbursements				
Current:				
General Government	<u>30,000</u>	<u>30,000</u>	<u>0</u>	<u>30,000</u>
<i>Total Disbursements</i>	<u>30,000</u>	<u>30,000</u>	<u>0</u>	<u>30,000</u>
<i>Net Change in Fund Balance</i>	0	0	35,000	35,000
<i>Fund Balance Beginning of Year</i>	<u>265,990</u>	<u>265,990</u>	<u>265,990</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$265,990</u>	<u>\$265,990</u>	<u>\$300,990</u>	<u>\$35,000</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, 2009

	Business-Type Activities		
	Water	Sewer	Total Enterprise Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$512,497	\$293,724	\$806,221
<i>Total Assets</i>	<u>\$512,497</u>	<u>\$293,724</u>	<u>\$806,221</u>
Net Assets			
Unrestricted	<u>\$512,497</u>	<u>\$293,724</u>	<u>\$806,221</u>

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, 2009

	Business-Type Activities		
	Water	Sewer	Total Enterprise Funds
Operating Receipts			
Charges for Services	\$710,000	\$497,593	\$1,207,593
Intergovernmental	504,870	0	504,870
Special Assessments	0	4,689	4,689
Other Operating Receipts	1,011	0	1,011
<i>Total Operating Receipts</i>	<u>1,215,881</u>	<u>502,282</u>	<u>1,718,163</u>
Operating Disbursements			
Billing	33,137	37,633	70,770
Pumping	47,251	386,071	433,322
Other	479,793	65,855	545,648
<i>Total Operating Disbursements</i>	<u>560,181</u>	<u>489,559</u>	<u>1,049,740</u>
<i>Operating Income (Loss)</i>	655,700	12,723	668,423
Non-Operating Receipts (Disbursements)			
Other Financing Sources	70	0	70
Loan Proceeds	587,572	345,934	933,506
Capital Outlay	(1,109,853)	(222,673)	(1,332,526)
Principal Retirement	(19,112)	(45,743)	(64,855)
Interest and Fiscal Charges	0	(2,339)	(2,339)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(541,323)</u>	<u>75,179</u>	<u>(466,144)</u>
<i>Change in Net Assets</i>	114,377	87,902	202,279
<i>Net Assets Beginning of Year</i>	<u>398,120</u>	<u>205,822</u>	<u>603,942</u>
<i>Net Assets End of Year</i>	<u>\$512,497</u>	<u>\$293,724</u>	<u>\$806,221</u>

See accompanying notes to the basic financial statements

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 1 – Reporting Entity

The Village of Carrollton, Carroll County, Ohio (the Village), is a body politic incorporated and established on February 26, 1877 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 streets and alleys, park operations, and police services. The Village supports a volunteer fire department through fire levies voted on by the village residents.

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 of Carrollton does not have any component units at the present time.

C. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village may have a potential joint venture with the Carroll County Commissioners regarding the former village landfill that was taken over by the County in 1989.

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

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

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 modified 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 modified 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 modified 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.

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, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements; however the Village does not presently have any internal service funds. 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, fines, fees or other non-exchange 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.

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies – (Continued)

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. The internal service funds, if any, are presented in a single column on the face of the proprietary fund statements. Fiduciary funds, if any, are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating 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 non-operating.

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 non-exchange transactions as governmental funds. The following are the Village's major governmental funds:

General Fund- The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Storm Sewers Fund – This fund receives money from special assessments levied upon residents for improvement of the Village's storm sewers.

Fire Department Fund – The fire department fund is used to account for the property taxes levied in the Village for the operation of its fire department.

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

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies – (Continued)

Landfill Escrow Fund – This fund receives the exclusive franchise fees for a trash contract to cover the Village's portion, if any, of closure and post-closure 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 and those outside the Village approved by council. This fund also accounts for the water capital projects.

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

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 expenses and liabilities) 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, which includes the amount appropriated for personal services within each department.

Village of Carrollton, Ohio
 Carroll County
 Notes to the Financial Statements
 For the Year Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies – (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk/Treasurer. 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 certificate 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 amended and passed by the Village Council during the year.

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 less than three months at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of three months or more 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 (contra revenue), respectively.

During 2010 and 2009, the Village invested in non-negotiable certificates of deposit and a sweep account. The non-negotiable certificates of deposit are reported at cost. The Village’s sweep account investment, which is fully collateralized, is recorded at the amount reported by Huntington National Bank, at December 31, 2010 and 2009.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited during 2010 and 2009 were as follows:

	2010	2009
General Fund	\$5,228	\$9,095
Park Fund	260	399
Street Maintenance	39	18
State Highway	2	0
Total Interest	\$5,529	\$9,512

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies – (Continued)

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. Restricted assets represent the Parks Fund which is classified as a permanent fund with the interest only to be spent on “appropriate landscaping, trees, shrubs and flowers in the Public Square Park and Kiddieland Park”, according to the bequest of the Will of Albert Pretty; the principal amount of \$15,000 can never be spent.

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.

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.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment and/or upon 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 10 and 11, 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.

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 2 – Summary of Significant Accounting Policies – (Continued)

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. Net assets restricted for other purposes include resources restricted for the Park Fund in the amount of \$15,000 as stated in the bequest from the will of Alfred Pretty.

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. The Village has no enabling legislation at this time.

N. Fund Balance Reserves

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

O. Interfund Transactions

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

Note 3 – Accountability and Compliance

A. Accountability

There are no deficit fund balances.

B. Compliance

There are no known violations of finance-related legal or contractual provisions.

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 4 – 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 Cash Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General fund, Street Construction, Maintenance and Repair, Storm Sewers, Fire Department, Income Tax, and Landfill Escrow are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances that are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) for 2010 and 2009 amounted to \$5,382 and \$15,772 for the general fund, respectively, \$7,468 and \$5,100 for the Street Construction, Maintenance and Repair fund, respectively, \$0 and \$0 for the Storm Sewer fund, respectively, \$2,133 and \$3,161 for the Fire Department fund, respectively, \$725 and \$300 for the Income Tax Fund, respectively, and \$0 and \$0 for the Landfill Escrow fund, respectively.

Note 5 – 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.

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 5 – Deposits and Investments – (Continued)

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;
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).

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Village by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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. Payment for investments may be made only upon delivery of the securities representing the investment to the Village or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Village of Carrollton, Ohio
 Carroll County
 Notes to the Financial Statements
 For the Year Ended December 31, 2010 and 2009

Note 5 – Deposits and Investments – (Continued)

At year end, the Village had \$250 in undeposited cash on hand. These funds consist of the \$150 for the change drawer maintained in the water/sewer billing office and \$100 maintained by the office as a petty cash fund which is not included as part of “Equity in Pooled Cash and Cash Equivalents” due to the fact that the software program does not have the capability to report those funds.

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 2010, \$1,347,538 of the Village’s bank balance of \$1,762,002 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institutions trust department or agent, but not in the Village’s name. At year end 2009, \$1,403,487 of the Village’s bank balance of \$1,746,448 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institutions 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

The Village’s investment policy is limited to complying with state statute. Interest rate risks are subject to current market trends. All Village investments are FDIC insured, with the exception of the sweep account which is fully collateralized.

As of December 31, 2010, the Village had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Sweep Account	\$ 1,498,538	1 day
CD #22013144986	15,260	10/10/11
CD #0506384501	99,000	7/11/11
CD #1005016734	<u>99,000</u>	10/13/11
 Total Portfolio	 <u><u>\$ 1,711,798</u></u>	

Village of Carrollton, Ohio
 Carroll County
 Notes to the Financial Statements
 For the Year Ended December 31, 2010 and 2009

Note 5 – Deposits and Investments – (Continued)

As of December 31, 2009, the Village had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Sweep Account	\$ 1,356,487	1 day
CD #7631673977	15,000	10/11/10
CD #1008552653	99,000	10/14/10
CD #07030440439	99,000	6/10/10
CD #07030456342	<u>99,000</u>	8/28/10
 Total Portfolio	 <u>\$ 1,668,487</u>	

Interest Rate Risk

Interest rate risk arises because the fair value of investments changes as interest rate 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.

Credit Risk

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.

Custodial Credit Risk

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, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee." The Village presently invests in a sweep account with Huntington National Bank of Carrollton, Ohio, which is fully collateralized.

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 6 – Income Taxes

The Village levies a one percent income tax whose proceeds are placed into the special revenue Income Tax Fund and transferred to the General Fund as needed by Resolution of council. 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. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or a 100% percent of the one (1) percent tax rate on taxable income. 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 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, 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. The Village normally receives the property tax settlements from the County Auditor in April and October of each year.

Public utility property tax receipts received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2009, were levied after October 1, 2009, 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.

The full tax rate for all Village operations for the year ended December 31, 2010, was \$6.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property:	
Residential	\$36,745,210
Agriculture	314,730
Commercial/Industrial/Mineral	16,790,860
Public Utility Property:	
Real	1,370
Personal	1,601,950
Tangible Personal Property	39,620
Total Assessed Value	<u>\$55,493,740</u>

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 8 – Capital Assets

The Village chooses not to report and depreciate capital assets resulting from cash transactions in the financial statements and elects not to report capital asset activity in the notes to the financial statements.

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 2010 and 2009, the Village contracted with several companies for various types of insurance coverage for the following risks through McFadden Insurance Agency.

Company	Type of Coverage	Amount of coverage
Westfield Insurance Company	Commercial Property	\$2,000,000
	General Liability	\$2,000,000
	Commercial Crime	\$2,000
	Inland Marine	Various
	Vehicle	\$1,000,000 each
	Commercial Crime	Various
	Commercial Umbrella (general)	\$2,000,000
	Commercial Umbrella (auto)	\$1,000,000
Scottsdale Indemnity Co.	Public Officials	\$1,000,000 each wrongful act
Darwin Select Insurance Co.	Police Officers	\$1,000,000 each person

Claims have not exceeded coverage in any of the past three years. There were no significant reductions in coverage from the prior year.

Property coverage contracts protect against losses, subject to a deductible of \$1,000 on commercial, limited to an annual aggregate loss of \$2,000,000. Auto coverage carries a \$250 deductible for comprehensive and \$500 deductible for collision with a liability limit of \$1,000,000 per each accident for bodily injury and property damage. Crime coverage has a deductible of \$500 per occurrence. Public Officials and Employees Liability insurance through Scottsdale Indemnity Company carries a liability limit of \$1,000,000 for each loss, and a \$1,000,000 aggregate for each "Policy Period", with a \$2,500 deductible for each loss. The Police Professional liability insurance with Darwin Select Insurance Company carries an annual aggregate limit of \$1,000,000 with a \$7,500 deductible amount for each and every claim.

The Village provides 100% health insurance coverage for all full-time employees hired prior to December 31, 2007 and their families through Aultcare, who pays covered claims to service providers. The Village provides those employees hired on or after January 1, 2008 with 100% of single employee coverage. Any employee shall the option to purchase family coverage under the Village hospitalization insurance plan by notifying the Village and paying 100% of the cost of family coverage in excess of the single employee coverage. The insurance coverage is a HSA plan with a \$1,500 deductible for single and \$3,000 deductible for family in 2010 and a \$1,200 deductible for single and \$2,400 deductible for family in 2009. In 2010 and 2009, the Village contributed \$750 and \$600 respectively for each single coverage employee and \$1,500 and \$1,200 respectively for each family coverage employee to their HSA account.

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 9 – Risk Management – (Continued)

The Village also provides life insurance to all full-time employees through Security Life and Health Insurance Company of America during 2010 and through Eastern Life and Health Insurance Company during 2009 in the amount of \$15,000 for a monthly premium of \$4.80 per month for those under age 65 and a monthly premium of \$3.12 per month for those over age 65.

Note 10 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional and Combined Plans. Members of the Member-Directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll and public safety members contributed 10.5 percent, while law enforcement contributed 11.1 percent.

The Village's contribution rate for 2010 was 14 percent of covered payroll, except for those plan members in law enforcement or public safety, for whom the Village's contribution rate was 17.87 percent of covered payroll.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$47,064, \$49,158, and \$49,290 respectively. The full amount has been contributed for 2010, 2009 and 2008. No contributions to the member-directed plan were made in 2010 or 2009 as the Village has no member-directed plan.

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 10 – Defined Benefit Pension Plans – (Continued)

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent of covered payroll for police officers and 24 percent of covered payroll for firefighters. Contributions are authorized by State statute. The Village's required contributions to the Ohio Police and Fire Pension Fund for the years ending December 31, 2010, 2009, and 2008 were \$31,949, \$31,706, and \$31,095. The full amount has been contributed for 2010, 2009, and 2008.

Note 11 - Postemployment Benefits

1. Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 11 - Postemployment Benefits – (Continued)

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.00 percent of covered payroll, and public safety and law enforcement employer units contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units and 18.10 percent of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2010, the employer contribution allocated to the health care plan was 5.5 percent of covered payroll until March 1, 2010 when it was reduced to 5.0 percent of covered payroll. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent until March 1, 2010 when it was reduced to 4.23 percent. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions allocated to fund post-employment health-care benefits for the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$30,000, \$32,267, and \$30,983, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employees increased January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

2. Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 11 - Postemployment Benefits – (Continued)

The Ohio Revised Code allows, but does not mandate, the Ohio Police and Fire Pension Fund to provide OPEB benefits. Authority for the Ohio Police and Fire Pension Fund Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the years ended December 31, 2010, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F, which were allocated to fund postemployment healthcare benefits, for the years ending December 31, 2010, 2009, and 2008 were \$17,204, \$17,072, and \$16,743, respectively. The full amount has been contributed for 2010, 2009 and 2008.

Village of Carrollton, Ohio
 Carroll County
 Notes to the Financial Statements
 For the Year Ended December 31, 2010 and 2009

Note 12 - Notes Payable

A summary of the note transactions for the year ended December 31, 2009, follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009
<u>Governmental Activities</u>					
<u>Bond Anticipation Note</u>					
2004 Issue	4.200	\$ 7,989	\$ -0-	\$ 7,989	\$ -0-

The Village purchased a fire truck in 2004 for the cost of \$113,436 using a down payment of \$40,436 and obtained a \$73,000 note from Sky Bank, nka Huntington National Bank on 5/5/04 for the balance of the purchase price. Interest rate is 4.2% with a maturity date of 5/1/09 and the loan is repayable from a voted property tax levy consisting of a 1.0 mill levy for a 5 year period for fire protection. The loan was fully retired in 2009.

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 13 – Debt

The Village's long-term debt activity for the years ended December 31, 2010 and 2009, were as follows:

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
1992 Issue 3.6 to 7.2%	Variable					
(Original Amount \$650,000)	%	\$105,000	\$0	\$50,000	\$55,000	\$55,000
2009 Fire Truck Bond Anticipation Note	3.85%	120,000	0	120,000	0	0
2010 Fire Equipment Bond	3.85%	0	100,000	0	100,000	12,500
2010 OPWC Loan (C T74M)	0.00%	0	333,018	0	333,018	14,667
Street Sweeper Lease	4.77%	60,066	0	19,097	40,969	19,097
Copy Machine Lease	0.00%	4,501	0	1,396	3,105	1,498
		<u>\$289,567</u>	<u>\$433,018</u>	<u>\$190,493</u>	<u>\$532,092</u>	<u>\$102,762</u>
<u>Business-type Activities</u>						
1994 OPWC Loan (CN 738)						
(Original Amount \$17,700)	0%	\$3,983	\$0	\$885	\$3,098	\$885
1995 OPWC Loan (CN 943)						
(Original Amount \$152,438)	0%	45,731	0	7,622	38,109	7,622
2000 OPWC Loan (CN 26C)						
(Original Amount \$212,093)	0%	106,045	0	10,605	95,440	10,605
2009 OPWC Loan (C T34L)	0%	100,000	0	0	100,000	0
2009 OPWC Loan (C T72M)						
(Original Amount \$500,000)	0%	170,532	329,469	8,333	491,668	16,667
2008 OWDA Loan - WPC LF #4926	1%	346,150	0	92,173	253,977	0
2009 OWDA Loan - #5127	1.50%	417,040	527,803	29,421	915,422	92,173
2010 OWDA Loan - #5693	1.37%	0	11,569	0	11,569	0
		<u>\$1,189,481</u>	<u>\$868,841</u>	<u>\$149,039</u>	<u>\$1,909,283</u>	<u>\$127,952</u>

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 13 – Debt - (Continued)

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
1992 Issue 3.6 to 7.2%	Variable					
(Original Amount \$650,000)	%	\$155,000	\$0	\$50,000	\$105,000	\$50,000
2008 Issue	4.38%	35,000	0	35,000	0	0
2009 Fire Truck Bond Anticipation Note	3.85%	0	120,000	0	120,000	120,000
Street Sweeper Lease	4.77%	78,294	0	18,228	60,066	19,097
Copier Lease	0.00%	5,803	0	1,302	4,501	120,000
		<u>\$274,097</u>	<u>\$120,000</u>	<u>\$104,530</u>	<u>\$289,567</u>	<u>\$309,097</u>
<u>Business-type Activities</u>						
1994 OPWC Loan (CN738)						
(Original Amount \$17,700)	0%	\$4,868	\$0	\$885	\$3,983	\$885
1995 OPWC Loan (CN943)						
(Original Amount \$152,438)	0%	53,353	0	7,622	45,731	7,622
2000 OPWC Loan (CN26C)						
(Original Amount \$212,093)	0%	116,650	0	10,605	106,045	10,605
2008 OWDA Loan #4926	0%	145,959	245,934	45,743	346,150	92,173
2009 OPWC Loan (CT34L)	0%	0	100,000	0	100,000	0
2009 OPWC Loan (CT72M)						
(Original Issue \$500,000)	0%	0	170,532	0	170,532	8,333
2009 OWDA Loan #5127						
(Original Issue \$1,105,384)	1.50%	0	417,040	0	417,040	29,421
		<u>\$320,830</u>	<u>\$933,506</u>	<u>\$64,855</u>	<u>\$1,189,481</u>	<u>\$149,039</u>

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. The General Fund and the Fire Department share in the payment of the principal and interest on the 1992 issued bonds. The 1992 bonds were obtained for the purpose of paying for the costs to renovate the Municipal Building and construct the new Safety Building. The bonds are originally issued through the Central Trust Company, nka PNC Bank under account #1013947 issued 12/1/92 with a maturity date of 12/01/2011. Semi-annual interest payments are due January 1 and December 1 of each year and annual principal payments are due December 1 of each year.

The general obligation bonds issued in 2008 in the amount of \$35,000 (Police Vehicle Bond, Series 2008s) were used for the purchase of two new police cruisers and equipment along with a \$25,000 grant obtained from USDA on June 16, 2008. Bonds bear interest at the rate of 4.375%. Bonds are to be paid over a five year period commencing on June 1, 2009 but the Village paid in full in 2009.

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 13 – Debt - (Continued)

In 2009, the Village issued a Bond Anticipation Note for the Carrollton Fire Department in the amount of \$120,000 for the purchase of a used Fire Rescue Truck. Bond counsel handling the transaction on behalf of the Village of Carrollton was Peck, Shaffer & Williams, LLP of 65 East State Street, Suite 500, Columbus, OH 43215. The bond anticipation note is backed by the full faith and credit of the Village and matured within one year on December 27, 2010. A principal payment of \$20,000 was made in 2010. The remaining \$100,000 was paid off with a Fire Equipment Bond with semi-annual principal payments due of \$12,500 until January 2, 2015 with Huntington Bank.

The Ohio Public Works Commission (OPWC) loan CN738 relates to a downtown water line improvement project for the replacement of waterlines in the downtown area. The loan was issued on April 15, 1994 in the amount of \$17,700 at 0% interest rate for 20 years. The loan will be repaid in semiannual installments of \$443 over 20 years, payable on July 1 and December 1 of each year. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan CN943 relates to construction of the well field transmission line from the village well sites into the village. The loan was issued on August 30, 1995 in the amount of \$152,438 at 0% interest rate for 20 years. The loan will be repaid in semiannual installments of \$3,811 over 20 years, payable on July 1 and January 1 of each year. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan CN26C relates to construction of waterline improvements – Phase III for waterline replacement on various streets in the Village of Carrollton. The loan was issued on January 11, 2000 in the amount of \$212,093 at 0% interest rate for 20 years. The loan will be repaid in semiannual installments of \$5,302, payable on July 1 and January 1 of each year for a period of 20 years. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Water Development Authority (OWDA) Water Pollution Control Loan Fund (WPCLF) #4926 relates to the wastewater treatment plant replacement project for the Village. The loan was issued June 26, 2008 in the amount of \$467,857.87 at 1% interest rate for 5 years. The project is still under construction and funds received thus far are for reimbursement of expenses incurred. Therefore, the Village's liability for this loan, as of December 31, 2010 is for the amounts forwarded to the Village as of this date. Although these payments are made when invoices are received by OWDA, no "temporary" amortization schedule has been provided. These liabilities are not reflected within the accompanying summary of the Village's future annual debt service requirements for long-term debt. A scheduled payment of \$92,173 was made in 2010 and at December 31, 2010, the loan balance was \$253,977.

The Ohio Public Works Commission (OPWC) loan #CT72M relates to installation of new water tanks and meter upgrades project within the village. The loan was issued March 6, 2009 in the amount of \$500,000 at 0% interest for 30 years. The project was completed in 2010. The loan will be re-paid in semi-annual installments of \$8,333.33 over 30 years, payable January 1 and July 1 of each year. The loan is secured by water receipts. The balance of the loan as of December 31, 2010 was \$491,668. The village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 13 – Debt - (Continued)

The Ohio Public Works Commission (OPWC) loan CT74M relates to the storm sewer improvement project for the replacement of storm sewer lines in various areas of the Village. Project was started in 2009 and completed in 2010 with final payment to engineers and contractor in early January 2011. This loan was issued March 13, 2009 in the amount of \$440,000.00 for 30 years at 0% interest and will be re-paid in semi-annual installments of \$7,333.33 over 30 years, payable on January 1 and July 1 of each year, with first payment due 1/1/11. The loan is secured by special storm water user fees. The Village has agreed to set user fees sufficient to cover the OPWC debt service requirements. An Ohio Public Works Commission grant (CT73M) in the amount of \$440,000.00 was also used on this project.

Another addition to the above loans presented in the foregoing schedule, is the agreement entered into with Ohio Public Works Commission (OPWC) for loan #CT34L for improvements at the wastewater treatment plant. The project is still under construction and funds received thus far are for reimbursement of expenses incurred. Therefore the Village's liability for this loan as of December 31, 2010 is for the amounts expended on behalf of the Village as of this date in the amount of \$100,000. These liabilities are not reflected within the accompanying summary of the Village's future annual debt service requirements for long-term debt. No "temporary" amortization summary of the Village's future annual debt service requirements for this long-term debt has been received yet from OPWC. As of December 31, 2010 the loan liability amounted to \$100,000.

The Ohio Water Development Authority (OWDA) Loan #5127 relates to the water system improvements for replacement of water tanks and water meters. The project was completed in 2010. The original loan was issued June 25, 2009 at the rate of 1.50% interest for 30 years with a final maturity date of January 1, 2040. Semi-annual payments are due January 1 and July 1 of each year. Principal payments made in 2010 were \$29,421 and interest payments paid in 2010 were \$17,471. Although these payments are made when invoices are received by OWDA, no "temporary" amortization schedule has been provided. These liabilities are not reflected within the accompanying summary of the Village's future annual debt service requirements for long-term debt.

The Ohio Water Development Authority (OWDA) Loan #5693 relates to the wastewater treatment plant rehab and expansion project for the Village. The project is still under construction and funds received thus far are for reimbursement of expenses incurred. The original loan was issued August 26, 2010 at the rate of 1.37% interest for three years with a final maturity date of August 26, 2013. One balloon payment is due August 26, 2013. The project is still under construction and funds received thus far are for reimbursement of expenses incurred, therefore, no amortization schedule has been provided. These liabilities are not reflected within the accompanying summary of the Village's future annual debt service requirements for long-term debt.

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 13 – Debt - (Continued)

The following is a summary of the Village’s future annual debt service requirements:

Year	General Obligation Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest
2011	\$67,500	\$7,810	\$50,446	\$0
2012	12,500	3,194	50,446	0
2013	12,500	2,738	50,446	0
2014	12,500	2,281	50,003	0
2015	12,500	1,825	49,561	0
2016-2020	37,500	1,369	199,085	0
2021-2025	0	0	156,670	0
2026-2030	0	0	156,670	0
2031-2035	0	0	123,013	0
2036-2040	0	0	74,993	0
Totals	\$155,000	\$19,217	\$961,333	\$0

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

Note 14 – Leases

The Village leases a street sweeper and a copy machine under non-cancelable leases. In 2010, the Village disbursed \$21,962 to pay lease costs on the Elgin Street Sweeper, of which \$19,097 was applied to principal, and \$2,865 was applied to interest. The Village disbursed \$1,668 to pay lease costs on the Sharp MX-M350NB copy machine, of which \$1,396 was applied to principal and \$272 was applied to interest. In 2009, the Village disbursed \$21,962 to pay lease costs on the Elgin Street Sweeper, of which \$18,228 was applied to principal, and \$3,734 was applied to interest. The Village disbursed \$1,668 to pay lease costs on the Sharp MX-M350NB copy machine, of which \$1,302 was applied to principal and \$366 was applied to interest. The lease on the street sweeper expires on 5/25/2012. The lease for a Sharp MX-M350NB copier was entered into on November 16, 2007 for the total cost of equipment being \$7,017 with a 60 month lease with an expiration date of November 2012. Monthly lease payments on the Sharp copier are made to Dollar Leasing Corp. in the amount of \$139 per month. Future lease payments are as follows:

	Amount
2011	23,630
2012	23,630
Total Minimum Lease Payments	47,260
Less: Amount Representing Interest	(3,186)
Present Value of Minimum Lease Payments	\$44,074

Village of Carrollton, Ohio
 Carroll County
 Notes to the Financial Statements
 For the Year Ended December 31, 2010 and 2009

Note 15 – Interfund Transfers

Transfers are used to move revenues from funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; or to return money to the fund from which it was originally provided once a project is completed. In 2009, the General Fund transferred \$12,815 to the Police Fund and \$1,549 to the FEMA Fund.

Due to the regulations of the Municipal Income Tax ordinance the income tax revenue is collected and deposited into the Income Tax Fund until needed by the General Fund. In 2010 and 2009, the Income Tax Fund transferred \$700,000 and \$600,000, respectively, to the General Fund.

Note 16 – Construction and Contractual Commitments

- 1) The Village has entered into a contract with CT Consultants for engineering services of the plan, design, bidding and oversee of construction of a wastewater treatment plant. The original contract was entered into on October 5, 2007 in the amount of \$434,500 and was approved in 2008 to comply with USDA requirements. The total of the contract is \$737,500 for preliminary engineering report, engineering design, bidding negotiations and construction oversight and services of the wastewater treatment facility expansion. The village has paid the following toward this obligation.

<u>Obligation</u>	<u>Year paid</u>	<u>Amount Paid</u>	<u>Balance remaining</u>
\$737,500	2007	\$ 19,508	\$717,992
\$717,992	2008	\$169,382	\$548,610
\$548,610	2009	\$202,973	\$345,637
\$345,637	2010	\$ 33,472	\$312,165

The Village also awarded the bids for the wastewater treatment plant as follows:

Stanley Miller Construction	Contract A – General Construction	\$3,961,700
Abbott Electric	Contract B – Electrical	\$1,044,237
Enertech Electrical	Contract C – Plumbing	\$ 83,000
Flickinger Piping	Contract D – HVAC	\$ 82,045

Construction on the project commenced in December of 2010 and it is anticipated the project will take 22 months for completion. No payments were made on the contracts in 2010.

- 2) Village council determined improvements were needed to the Village's Storm Sewer system. A loan in the amount of \$440,000 at 0% interest and a grant in the amount of \$440,000 was accepted by Ordinance #2009-18 dated April 13, 2009 from Ohio Public Works Commission State Capital Improvement Program for the project. The Village entered into an agreement with Engineering Associates for engineering fees in the amount of \$87,160. The project was advertised for bid on 9/9/2009 and 9/16/2009 with bids due on October 6, 2009. The bid of DiPietro Excavating, Inc. in the amount of \$688,097 was approved by vote of council at the October 26, 2009 council meeting. The project began in 2009, and was completed by DiPietro Excavating, Inc. in 2010 with final payment to DiPietro dated January 25, 2011 in the amount of \$42,177.62.

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 16 – Construction and Contractual Commitments – (Continued)

3) The Village has entered into other various agreements with Engineering Associates for different engineering service projects that have not yet been completed as follows:

Second Street & 4 th Street Waterline replacement	\$54,000.00
Design two new water wells	\$11,000.00
North Lisbon Street waterline replacement	\$11,500.00

Note 17 – Contingent Liabilities

The Village is not party to any lawsuits.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds may be immaterial.

Note 18 – Joint Ventures

The Village landfill was deeded over to the Carroll County Commissioners 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 *may potentially* share in the estimated liability for closure. The Village and the County have pending negotiations regarding the Village's proposed share of the liability. The estimated liability for the landfill is \$2,495,328 for the closure costs and \$1,238,160 for post closure costs. The estimated cost of landfill closure and post closure 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 post closure 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. However, the Village is assuming no liability. A lawsuit was filed against the Carroll County Commissioners by Ohio EPA, but the Village was not named a party to the lawsuit. The Village has taken steps to generate and stockpile funds for any portion of the Village's expenses including legal fees by establishing a Landfill Closure Fund. Revenue is generated by the Village's exclusive trash contract, which was negotiated and renewed in February 2010 at the rate of \$2,500 per month from the trash hauler. Of this monthly amount \$2,000 is allocated to the Landfill Closure Fund and the other \$500 is allocated to the Street Maintenance fund for maintenance of streets. The Landfill Closure Fund has a balance of \$312,303 as of December 31, 2010.

Village of Carrollton, Ohio
Carroll County
Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

Note 19 – Jointly Governed Organizations

The Village and the Carrollton Exempted Village School entered into a governed organization known as the Recreation Board in 1980. The Board consists of three members appointed by Village Council and two members appointed by the School with the School Superintendent as the Chairman of the Board. The Village employed the Recreation Director with an annual salary, who was under the direction of the board to coordinate and run recreation programs in the Village with the cooperation and use of school facilities along with maintenance of the three Village parks, being the Vet's Park, Kiddie Land Park and Anne Green Park. Prior to January 1, 2008 the school was the fiduciary agent for funds received from the different programs and provided supplies to the parks as well as the use of the school owned property. A separate annual report was filed by the Recreation Board for each year. Due to possible legal issues the Village terminated any further salary and benefits for the Recreation Director effective December 31, 2007 and the school no longer furnishes supplies to the Village owned parks.

There is and has been no communications or appointments on behalf of the Village with the Recreation Board in 2008, 2009 or 2010.

Note 20: Significant Subsequent Events

The City entered into a construction contract with Spano Brothers Construction Company for the 2nd Street SE Waterline Replacement Project on March 28, 2011 in the amount of \$179,703. The City also entered into a contract with T-N-T Tabler Construction Company for the construction of a High Street parking lot improvement project on May 9, 2011 in the amount of \$29,649.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

June 15, 2011

Members of Council
Village of Carrollton
80 2nd St. SW
Carrollton, OH 44615

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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 (the "Village") as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 15, 2011, wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying *Schedule of Findings and Responses*, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying *Schedule of Findings and Responses* as Finding 2010-001 to be a material weakness.

Village of Carrollton, Ohio
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters that we reported to management of the Village in a separate letter dated June 15, 2011.

The Village's response to the finding identified in our audit is described in the accompanying *Schedule of Findings and Responses*. We did not audit the Village's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Village Council and management and is not intended to be and should not be used by anyone other than those specified parties.

Rea & Associates, Inc.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

1. SUMMARY OF AUDITOR'S RESULTS
--

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No

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

Material Weaknesses

Finding Number	2010-001
-----------------------	-----------------

Criteria: Sound reporting is the responsibility of the Village of Carrollton (the "Village") Clerk-Treasurer and is essential to ensure that the information presented to the readers of the financial statements is complete and accurate.

Condition: We noted several adjustments were required to be posted to the underlying accounting records in order to reconcile cash balances and complete the audit of the Village of Carrollton's financial statements.

Effect: For fiscal years 2010 and 2009, the accounting balances were adjusted to correct overstated cash.

Recommendation: Management should review the adjustments identified above and their causes to prevent similar errors in cash in subsequent audit periods.

Village's Response: The Village of Carrollton has corrected all findings and have consistently balanced all accounts.



Dave Yost • 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
AUGUST 2, 2011