



**VILLAGE OF CARROLLTON
CARROLL COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021 - 2020**

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KEITH FABER



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Village of Carrollton
Village of Carrollton
80 Second Street
Carrollton, Ohio 44615

We have reviewed the *Independent Auditor's Report* of the Village of Carrollton, Carroll County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2020 through December 31, 2022. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 01, 2022

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VILLAGE OF CARROLLTON
CARROLL COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2021	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2021	5
Notes to the Financial Statements For the Year Ended December 31, 2021	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2020	18
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2020	19
Notes to the Financial Statements For the Year Ended December 31, 2020	20
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	32
Schedule of Audit Findings	34
Summary Schedule of Prior Audit Findings (Prepared by Management)	36

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Carrollton, Carroll County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and December 31, 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and December 31, 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021 and December 31, 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Emphasis of Matter

As discussed in Note 16 to the financial statements, during 2020, the Village adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) – All Governmental Fund Types. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

June 15, 2022

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 291,432	\$ 259,296	\$ -	\$ -	\$ 550,728
Municipal Income Tax	1,229,481	-	-	-	1,229,481
Intergovernmental	99,100	497,081	-	-	596,181
Special Assessments	-	64,030	-	-	64,030
Charges for Services	4,657	28,000	-	-	32,657
Fines, Licenses and Permits	70,596	8,458	-	-	79,054
Earnings on Investments	5,742	6	-	-	5,748
Miscellaneous	549,336	97,505	2,556	-	649,397
Total Cash Receipts	2,250,344	954,376	2,556	-	3,207,276
Cash Disbursements					
Current:					
Security of Persons & Property	829,245	142,218	-	-	971,463
Public Health Services	21,648	-	-	-	21,648
Leisure Time Activities	35,536	-	-	800	36,336
Community Environment	7,375	20,629	-	-	28,004
Basic Utility Services	-	2,666	-	-	2,666
Transportation	384,600	242,890	-	-	627,490
General Government	337,744	-	-	-	337,744
Capital Outlay	150,641	815,402	-	-	966,043
Debt Service:					
Principal Retirement	-	82,995	-	-	82,995
Interest and Fiscal Charges	-	6,613	-	-	6,613
Total Cash Disbursements	1,766,789	1,313,413	-	800	3,081,002
Excess of Receipts Over (Under) Disbursements	483,555	(359,037)	2,556	(800)	126,274
Other Financing Receipts (Disbursements)					
Other Debt Proceeds	-	168,627	-	-	168,627
Sale of Capital Assets	10,719	42,182	-	-	52,901
Transfers In	-	182,406	-	-	182,406
Transfers Out	(1,030,183)	-	-	-	(1,030,183)
Total Other Financing Receipts (Disbursements)	(1,019,464)	393,215	-	-	(626,249)
Net Change in Fund Cash Balances	(535,909)	34,178	2,556	(800)	(499,975)
Fund Cash Balances, January 1	4,019,158	1,129,078	-	14,784	5,163,020
Fund Cash Balances, December 31	\$ 3,483,249	\$ 1,163,256	\$ 2,556	\$ 13,984	\$ 4,663,045

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

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 1,735,842
Miscellaneous	16,812
	<u>1,752,654</u>
Operating Cash Disbursements	
Personal Services	312,791
Fringe Benefits	174,360
Contractual Services	487,945
Supplies and Materials	255,623
	<u>1,230,719</u>
<i>Total Operating Cash Receipts</i>	<u>1,752,654</u>
<i>Total Operating Cash Disbursements</i>	<u>1,230,719</u>
<i>Operating Income (Loss)</i>	<u>521,935</u>
Non-Operating Receipts (Disbursements)	
Earnings on Investments (proprietary funds only)	8
Sale of Fixed Assets	11,890
Capital Outlay	(579,194)
Principal Retirement	(290,617)
Interest and Other Fiscal Charges	(132,189)
	<u>(990,102)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(990,102)</u>
<i>Income (Loss) before Transfers</i>	<u>(468,167)</u>
Transfers In	860,152
Transfers Out	(12,375)
	<u>847,777</u>
<i>Net Change in Fund Cash Balance</i>	<u>379,610</u>
<i>Fund Cash Balances, January 1</i>	<u>506,266</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 885,876</u>

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

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 1 – Reporting Entity

The Village of Carrollton, Carroll County, (the Village) is a body politic and corporate established to exercise rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs 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 paid volunteer fire department through fire levies voted on by the Village residents.

Joint Venture

The Village participates in a joint venture. Note 13 to the financial statements provides additional information for this entity. The organization is:

Joint Venture:

The Village is involved with the landfill located a few miles outside of the Village.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance, and Repair Fund – This fund receives gasoline tax, motor vehicle tax money and a monthly fee from an exclusive trash contract for constructing, maintaining and repairing Village streets.

Storm Sewers Fund – This fund receives levy proceeds for construction and maintenance of a sewer system within the Village.

Fire Department Fund – This fund receives tax levy monies to support a paid volunteer fire department.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Sidewalk Repair Fund – This fund receives any grant/Village share funds for construction or repair of sidewalks.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant Permanent Fund:

Park Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the greenery for the Village's Kiddieland and Square Parks.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Fund – This fund receives charges for services from residents to cover sewer service costs.

Capital Projects Water Fund – This fund receives capital contributions from Carroll Energy Services for the construction of a new waterline within the Village. (See Note 14 for additional information regarding this capital contribution).

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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

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

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

The Village holds Certificates of Deposit with local banks. The interest from the Certificates of Deposit is posted at maturity. The Village also has an interest-bearing checking account.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

Note 3 – Compliance

Contrary to Ohio law, total approved appropriations exceeded total estimated receipts in the Street Maintenance, Storm Sewers, State and Local Fiscal Recovery, Sidewalk Repair, Water Operating, and Sewer Operating Funds by \$225,062, \$64,302, \$158,488, \$17,227, \$705,330, and \$516,881, respectively. Also contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$399,662.

Note 4 – Budgetary Activity

Budgetary activity for the years ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,647,775	\$ 2,261,063	\$ 613,288
Special Revenue	602,900	1,347,591	744,691
Capital Projects	-	2,556	2,556
Enterprise	1,851,980	2,624,704	772,724
Total	<u>\$ 4,102,655</u>	<u>\$ 6,235,914</u>	<u>\$ 2,133,259</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,547,703	\$ 2,947,365	\$ (399,662)
Special Revenue	1,889,043	1,447,146	441,897
Capital Projects	17,227	-	17,227
Permanent	1,040	800	240
Enterprise	3,163,930	2,413,009	750,921
Total	<u>\$ 7,618,943</u>	<u>\$ 6,808,320</u>	<u>\$ 810,623</u>

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 5 – Deposits and Investments

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

	2021
Demand Deposits	\$ 2,510,468
Savings Account	115,552
Certificates of Deposit	1,550,236
Total Deposits	<u>4,176,256</u>
MMAX Trade Account	<u>1,372,665</u>
Total Investments	<u>1,372,665</u>
Total Deposits and Investments	<u><u>\$ 5,548,921</u></u>

Deposits

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

At December 31, 2021, \$633,479 of deposits were not insured or collateralized, due to a financial institution of the Village having a reduced collateral rate through OPCS.

Investments

The Village maintains an investment account which is comprised of negotiable certificates of deposits which are fully collateralized by the Federal Depository Insurance Corporation.

Note 6 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 7 – Transfers

During 2021, the following transfers were made from the Sewer Fund to the Sewer Reserve Fund to meet debt covenant requirements in relation to their USDA loans. The remaining transfers between funds are for maintenance expenses of the streets, water, and sewer system.

	Transfers - In	Transfers - Out
General Fund	\$ -	\$ (1,030,183)
Street Maintenance Fund	150,000	-
Storm Sewers Fund	32,406	-
Water Operating Fund	321,069	-
Sewer Operating Fund	526,708	(12,375)
Sewer Reserve Fund	12,375	-
	\$ 1,042,558	\$ (1,042,558)

Note 8 – Risk Management

Commercial Insurance

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Village obtained commercial insurance for the below risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Claims have not exceeded coverage in any of the past four 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 a \$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 \$7,000 deductible amount for each and every claim.

Health Insurance

The Village provides 100% health insurance coverage for all full-time employees and their dependents, which elect to be enrolled in the Village’s group healthcare insurance plan with Aultcare, who pays covered claims to service providers. The insurance coverage is an HSA plan with a \$1,500 deductible for single coverage and a \$3,000 deductible for family. The Village contributed \$750 for each single coverage employee and \$1,500 for each family coverage employee to their HSA account.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 8 – Risk Management (Continued)

Life Insurance

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

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All full-time and part-time employees that are not a full-time Police Officer belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent, of their gross salaries and the Village contributed an amount equaling 14 percent, of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Note 10 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019 OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 11 – Debt

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan CT74M	\$ 286,000	0.00%
OPWC Loan CT72M	312,500	0.00%
OPWC Loan CT34L	275,000	0.00%
OPWC Loan CN27U	61,956	0.00%
OPWC Loan CN02W	351,685	0.00%
OWDA Loan 5127	614,093	1.50%
OWDA Loan 6177	83,837	2.00%
OWDA Loan 6209	5,716	2.82%
OWDA Loan 6476	2,340,228	2.00%
OWDA Loan 6477	117,212	2.00%
OWDA Loan 6962	219,051	2.75%
OWDA Loan 7332	65,437	2.33%
OWDA Loan 8430	54	0.00%
USDA Bonds	2,787,100	2.13%
USDA Fire Truck Bonds	391,400	2.38%
Total	<u>\$ 7,911,269</u>	

The Ohio Public Works Commission (OPWC) CT74M Loan relates to the storm sewer improvement project for replacement of storm sewer lines in various areas of the Village. The project was started in 2009 and completed in 2010 with final payment to engineers and contractor in early January of 2011. This loan was issued March 13, 2009 in the amount of \$440,000 for 30 years at 0% interest and will be re-paid in semi-annual installments of \$7,333 over 30 years, payable on January 1 and July 1 of each year with final payment due January 1, 2041. This 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. Payments are made from the Storm Sewer Fund.

The Ohio Public Works Commission (OPWC) Loan CT72M relates to installation of new water tanks and meter upgrades for users of Village water. The loan was issued March 6, 2009 in the amount of \$500,000 at 0% interest for 30 years. The loan will be repaid in semi-annual installments of \$8,333 over 30 years, payable January 1 and July 1 of each year with final payment due January 1, 2040. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. Payments are made from the Water Fund.

The Ohio Public Works Commission (OPWC) Loan CT34L relates to the construction of the wastewater treatment plant project for the Village. The loan was issued in the amount of \$500,000 at 0% interest. The loan is for a term of 20 years and payable January 1 and July 1 of each year in the amount of \$12,500, with final payment due July 1, 2032. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. Payments are made from the Sewer Fund.

The Ohio Public Works Commission (OPWC) Loan CN27U relates to the improvement of the State Route 43 drainage system for the Village. The loan was issued in the amount of \$70,139 at 0% interest. The loan is for a term of 30 years and payable January 1 and July 1 of each year in the amount of \$1,169, with final payment due January 1, 2049. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. Payments are made from the Storm Sewer Fund.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 11 – Debt (Continued)

The Ohio Public Works Commission (OPWC) Loan CN02W relates to the industrial drive reconstruction project for the Village. The loan was issued in the amount of \$380,200 at 0% interest. The loan is for a term of 20 years and payable January 1 and July 1 of each year in the amount of \$9,505, with final payment due July 1, 2041. Payments are made from the Street Maintenance Fund.

The Ohio Water Development Authority (OWDA) Loan 5127 relates to the water system improvements for replacement of water tanks and water meters. The loan was issued June 25, 2009 at the rate of 1.5% interest for 30 years with a maturity date of January 1, 2040. The loan will be re-paid in semi-annual installments in an amount invoiced by OWDA, payable January 1 and July 1 of each year. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Payments are made from the Water Fund.

The Ohio Water Development Authority (OWDA) Loan 6177 relates to a waterline replacement project on Second Street NW in the Village. The loan was issued April 26, 2012 in the original amount of \$118,877. The term of the loan is 30 years at 2% interest, with payments due January 1 and July 1 of each year beginning July 1, 2013 and final payment due January 1, 2043. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Payments are made from the Water Fund.

The Ohio Water Development Authority (OWDA) Loan 6209 relates to the Lincoln Avenue waterline replacement project in the Village. The loan was issued June 28, 2012 in the original amount of \$100,400 for 10 years at 2.82% interest, with payments due January 1 and July 1 of each year with a maturity date of July 1, 2022. Final payment is due July 1, 2022. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Payments are made from the Water Fund.

The Ohio Water Development Authority (OWDA) Loan 6476 relates to the design and construction of the new water treatment plant project. The loan was issued June 27, 2013 in the original amount of \$2,835,727 for a period of 30 years at 2.00% interest with payments due July 1 and January of each year beginning 7/1/2014. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Payments are made from the Water Fund.

The Ohio Water Development Authority (OWDA) Loan 6477 relates to a waterline replacement project on Brenner Road. The loan was issued June 27, 2013 in the original amount of \$149,961 for a period of 30 years at 2.00% interest with payments due January and July of each year, beginning July 1, 2014 with a maturity date of January 1, 2044. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Payments are made from the Water Fund.

The Village financed the wastewater treatment plant through USDA, who issued bonds in the amount of \$3,310,000 along with a USDA Grant in the amount of \$2,660,000 for the project that was completed in 2013. The interest rate is 2.125% for a term of 40 years and will be repaid with sewer revenue. One payment of principal and interest will be made once a year until paid in full. There is also a Sewer Reserve Fund set up for which the Sewer Department sets aside \$1,031 per month until the fund reaches a balance of \$123,748 known as the "Minimum Reserve". The Village has agreed to set utility rates sufficient to cover the USDA debt service requirements. Payments are made from the Sewer Fund.

The Ohio Water Development Authority (OWDA) Loan 6962 relates to the Bacon Pump Station and Sewerline Replacement. The loan was issued in the amount of \$299,615 at 2.75% interest. The loan is for a term of 20 years and payable January 1 and July 1 of each year in an amount invoiced by OWDA, with final payment due July 1, 2035. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Payments are made from the Sewer Fund.

The Ohio Water Development Authority (OWDA) Loan 8430 relates to the Asset Management Plan for the water department. The loan was issued in April 2019 in the amount of \$18,143 and received principal forgiveness in the amount of \$18,132 during 2019.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 11 – Debt (Continued)

The Ohio Water Development Authority (OWDA) Loan 7332 relates to the removal and replacement of membrane filters at the WWTP. The loan was issued June 30, 2016 and the project is still under construction. The loan was issued in the amount of \$181,568 at 2.33% interest. The loan is for a term of 10 years and payable January 1 and July 1 of each year in an amount invoiced by OWDA, with final payment due January 1, 2027. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Payments are made from the Sewer Fund.

The Village entered into an agreement with Kansas State Bank on October 1, 2018 to finance the purchase of a combination sewer cleaner mounted on a Freightliner Chassis (vacuum truck) in the amount of \$301,770 with an interest rate of 2.84%. Annual payments of \$80,874 started in fiscal year 2018 and will be made through October 1, 2021.

The Village financed a fire truck through the USDA, who issued bonds in the amount of \$430,000. The interest rate is 2.375% for a term of 10 years and will be repaid with fire revenue. One payment of principal and interest will be made once a year until paid in full. Payments are made from the Fire Department Fund.

Amortization of the Village's debt principal and interest is scheduled as follows:

Year ending December 31:	OPWC CT74M	OPWC CT72M	OPWC CT34L	OPWC CN27U	OPWC CN02W
2022	\$ 14,666	\$ 16,666	\$ 25,000	\$ 2,338	\$ 19,010
2023	14,666	16,666	25,000	2,338	19,010
2024	14,666	16,666	25,000	2,338	19,010
2025	14,666	16,666	25,000	2,338	19,010
2026	14,666	16,666	25,000	2,338	19,010
2027-2031	73,333	83,333	125,000	11,690	95,050
2032-2036	73,333	83,333	25,000	11,690	95,050
2037-2041	66,004	62,504	-	11,690	66,535
2042-2046	-	-	-	11,690	-
2047-2051	-	-	-	3,506	-
Total	\$ 286,000	\$ 312,500	\$ 275,000	\$ 61,956	\$ 351,685

Year ending December 31:	OWDA 5127	OWDA 6177	OWDA 6209	OWDA 6476	OWDA 6477
2022	\$ 39,056	\$ 4,909	\$ 5,796	\$ 127,438	\$ 6,612
2023	39,056	4,909	-	127,438	6,612
2024	39,056	4,909	-	127,438	6,612
2025	39,056	4,909	-	127,438	6,612
2026	39,056	4,909	-	127,438	6,612
2027-2031	195,280	24,544	-	637,192	33,059
2032-2036	195,280	24,544	-	637,192	33,059
2037-2041	117,167	24,544	-	637,192	33,059
2042-2046	-	4,907	-	382,315	13,222
Total	\$ 703,007	\$ 103,084	\$ 5,796	\$ 2,931,081	\$ 145,459

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 11 – Debt (Continued)

Year ending December 31:	OWDA 6962	OWDA 7332	OWDA 8430	USDA Sewer Bonds	USDA Fire Truck Bonds
2022	\$ 19,534	\$ 15,402	\$ 22	\$ 123,626	\$ 48,796
2023	19,534	15,402	22	123,657	48,858
2024	19,534	15,402	10	123,659	48,796
2025	19,534	15,402	-	123,731	48,813
2026	19,534	7,699	-	123,671	48,806
2027-2031	97,670	-	-	618,277	196,346
2032-2036	68,368	-	-	618,373	-
2037-2041	-	-	-	618,277	-
2042-2046	-	-	-	618,386	-
2047-2051	-	-	-	618,332	-
2052-2056	-	-	-	123,674	-
Total	<u>\$ 263,708</u>	<u>\$ 69,307</u>	<u>\$ 54</u>	<u>\$ 3,833,663</u>	<u>\$ 440,415</u>

Leases

The Village entered into a lease agreement with Leaf on a new Canon IR C5540i copy machine on June 28, 2018. The purchase price of the machine was \$7,876. Payments are \$144 for 63 months.

Note 12 – Contingent Liabilities

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

Note 13 – Joint Venture

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. Carroll County has been in negotiations with the Ohio EPA regarding the landfill closure issues and no costs have yet been determined for which the Village may be liable. The Village is assuming no liability and a lawsuit was filed against the Carroll County Commissioners by the 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 special revenue account entitled "Landfill Closure Fund". Revenue is generated by the Village's exclusive trash contract, which was negotiated and renewed at the rate of \$3,170 per month from the trash hauler. Of this monthly amount \$670 is allocated to the Landfill Closure Fund and the other \$2,500 is allocated to the Street Maintenance Fund for maintenance of streets. The Landfill Closure Fund has a balance of \$174,130 as of December 31, 2021.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 14 – Capital Contributions

The Village is currently in the process of a water project that will be paid in full by Carroll County Energy and should be completed very soon. In 2018 the Village received \$1,724,000 out of the approximately \$3,047,000 in funding for the project and expensed \$2,579 for the project in 2021. The Village does not anticipate utilizing any of its funds for the project, however, will own a portion of the waterlines after completion.

Note 15 – Fund Balances

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

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:				
Corpus	\$ -	\$ -	\$ 15,000	\$ 15,000
Outstanding Encumbrances	150,393	133,733	-	284,126
Total	<u>\$ 150,393</u>	<u>\$ 133,733</u>	<u>\$ 15,000</u>	<u>\$ 299,126</u>

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

Note 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

During 2021, the Village received \$158,488 as an on-behalf of grant from another government. These amounts are recorded as intergovernmental revenue in the State and Local Fiscal Recovery Fund.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 266,281	\$ 256,125	\$ -	\$ -	\$ 522,406
Municipal Income Tax	1,160,767	-	-	-	1,160,767
Intergovernmental	99,470	578,139	-	-	677,609
Special Assessments	-	59,723	-	-	59,723
Charges for Services	4,034	28,000	-	-	32,034
Fines, Licenses and Permits	68,440	8,987	-	-	77,427
Earnings on Investments	33,341	237	-	-	33,578
Miscellaneous	573,848	74,829	3,072	-	651,749
Total Cash Receipts	2,206,181	1,006,040	3,072	-	3,215,293
Cash Disbursements					
Current:					
Security of Persons & Property	651,657	248,828	-	-	900,485
Public Health Services	21,648	-	-	-	21,648
Leisure Time Activities	22,690	1,375	-	880	24,945
Community Environment	7,413	18,984	-	-	26,397
Basic Utility Services	-	45,525	-	-	45,525
Transportation	401,503	164,861	-	-	566,364
General Government	372,241	94,684	-	-	466,925
Capital Outlay	73,729	1,216,219	6,145	-	1,296,093
Debt Service:					
Principal Retirement	-	61,504	-	-	61,504
Interest and Fiscal Charges	-	1,468	-	-	1,468
Total Cash Disbursements	1,550,881	1,853,448	6,145	880	3,411,354
Excess of Receipts Over (Under) Disbursements	655,300	(847,408)	(3,073)	(880)	(196,061)
Other Financing Receipts (Disbursements)					
Other Debt Proceeds	-	641,573	-	-	641,573
Sale of Capital Assets	-	56,549	-	-	56,549
Transfers In	-	498,728	2,546	-	501,274
Transfers Out	(726,746)	(1,500)	-	-	(728,246)
Total Other Financing Receipts (Disbursements)	(726,746)	1,195,350	2,546	-	471,150
Net Change in Fund Cash Balances	(71,446)	347,942	(527)	(880)	275,089
Fund Cash Balances, January 1	4,090,604	781,136	527	15,664	4,887,931
Fund Cash Balances, December 31	\$ 4,019,158	\$ 1,129,078	\$ -	\$ 14,784	\$ 5,163,020

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

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 1,712,222
Miscellaneous	42,063
	<u>1,754,285</u>
Operating Cash Disbursements	
Personal Services	406,906
Fringe Benefits	165,862
Contractual Services	397,306
Supplies and Materials	259,431
Other	822
	<u>1,230,327</u>
<i>Total Operating Cash Disbursements</i>	<u>1,230,327</u>
<i>Operating Income (Loss)</i>	<u>523,958</u>
Non-Operating Receipts (Disbursements)	
Earnings on Investments (proprietary funds only)	7
Sale of Fixed Assets	15,120
Capital Outlay	(1,155,241)
Principal Retirement	(318,250)
Interest and Other Fiscal Charges	(138,077)
	<u>(1,596,441)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,596,441)</u>
<i>Income (Loss) before Capital Contributions and Transfers</i>	<u>(1,072,483)</u>
Capital Contributions	162,516
Transfers In	239,347
Transfers Out	(12,375)
	<u>(682,995)</u>
<i>Net Change in Fund Cash Balance</i>	<u>(682,995)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,189,261</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 506,266</u></u>

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

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 1 - Reporting Entity

The Village of Carrollton, Carroll County, (the Village) is a body politic and corporate established to exercise rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs 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 paid volunteer fire department through fire levies voted on by the Village residents.

Joint Venture

The Village participates in a joint venture. Note 13 to the financial statements provides additional information for this entity. The organization is:

Joint Venture:

The Village is involved with the landfill located a few miles outside of the Village.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance, and Repair Fund – This fund receives gasoline tax, motor vehicle tax money and a monthly fee from an exclusive trash contract for constructing, maintaining and repairing Village streets.

Storm Sewers Fund – This fund receives levy proceeds for construction and maintenance of a sewer system within the Village.

Fire Department Fund – This fund receives tax levy monies to support a paid volunteer fire department.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Sidewalk Repair Fund – This fund receives any grant/Village share funds for construction or repair of sidewalks.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant Permanent Fund:

Park Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the greenery for the Village's Kiddieland and Square Parks.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Fund – This fund receives charges for services from residents to cover sewer service costs.

Capital Projects Water Fund – This fund receives capital contributions from Carroll Energy Services for the construction of a new waterline within the Village. (See Note 14 for additional information regarding this capital contribution).

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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

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

A summary of 2020 budgetary activity appears in Note 4.

Deposits and Investments

The Village holds Certificates of Deposit with local banks. The interest from the Certificates of Deposit is posted at maturity. The Village also has an interest-bearing checking account.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

Note 3 – Compliance

Contrary to Ohio law, total approved appropriations exceeded total estimated receipts in the Street Maintenance, Storm Sewers, State and Local Fiscal Recovery, Sidewalk Repair, Water Operating, Sewer Operating, Capital Projects Water, and Sewer Maintenance Funds by \$180,031, \$692,979, \$239,110, \$18,072, \$663,167, \$363,751, \$4,516, and \$60,000, respectively. Also contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Maintenance Fund by \$437,573.

Note 4 – Budgetary Activity

Budgetary activity for the years ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,191,203	\$ 2,206,181	\$ 14,978
Special Revenue	929,603	2,202,890	1,273,287
Capital Projects	-	5,618	5,618
Permanent	30	-	(30)
Enterprise	1,785,055	2,171,275	386,220
Total	<u>\$ 4,905,891</u>	<u>\$ 6,585,964</u>	<u>\$ 1,680,073</u>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,736,162	\$ 2,381,921	\$ 354,241
Special Revenue	2,349,572	1,954,507	395,065
Capital Projects	18,599	6,145	12,454
Permanent	1,040	880	160
Enterprise	3,962,588	2,855,726	1,106,862
Total	<u>\$ 9,067,961</u>	<u>\$ 7,199,179</u>	<u>\$ 1,868,782</u>

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 5 – Deposits and Investments

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

	2020
Demand Deposits	\$ 2,648,278
Savings Account	103,166
Certificates of Deposit	1,545,723
Total deposits	<u>4,297,167</u>
MMAX Trade Account	1,372,119
Total investments	<u>1,372,119</u>
Total deposits and investments	<u>\$ 5,669,286</u>

Deposits

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

At December 31, 2020, \$864,675 of deposits were not insured or collateralized, due to a financial institution of the Village having a reduced collateral rate through OPCS.

Investments

The Village maintains an investment account which is comprised of negotiable certificates of deposits which are fully collateralized by the Federal Depository Insurance Corporation.

Note 6 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 7 - Risk Management

Commercial Insurance

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village obtained commercial insurance for the below risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Claims have not exceeded coverage in any of the past four 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 a \$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 \$7,000 deductible amount for each and every claim.

Health Insurance

The Village provides 100% health insurance coverage for all full-time employees and their dependents, which elect to be enrolled in the Village's group healthcare insurance plan with Aultcare, who pays covered claims to service providers. The insurance coverage is an HSA plan with a \$1,500 deductible for single coverage and a \$3,000 deductible for family. The Village contributed \$750 for each single coverage employee and \$1,500 for each family coverage employee to their HSA account.

Life Insurance

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

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 8 - Transfers

During 2020, the following transfers were made from the Sewer Fund to the Sewer Reserve Fund to meet debt covenant requirements in relation to their USDA loans. The remaining transfers between funds are for maintenance expenses of the streets, water, and sewer system and to close out the FEMA Fund.

	Transfers - In	Transfers - Out
General Fund	\$ -	\$ (726,746)
Street Maintenance Fund	160,000	-
Storm Sewers Fund	337,228	-
Fire Department Fund	1,500	-
FEMA Fund	-	(1,500)
Sidewalk Repair Fund	2,546	-
Water Operating Fund	226,972	-
Sewer Operating Fund	-	(12,375)
Sewer Reserve Fund	12,375	-
	\$ 740,621	\$ (740,621)

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All full-time and part-time employees that are not a full-time Police Officer belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Note 10 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019 OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 11 - Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
OPWC Loan CT74M	\$ 293,333	0.00%
OPWC Loan CT72M	320,833	0.00%
OPWC Loan CT34L	287,500	0.00%
OPWC Loan CN27U	63,125	0.00%
OPWC Loan CN02W	361,190	0.00%
OWDA Loan 5127	643,605	1.50%
OWDA Loan 6177	87,021	2.00%
OWDA Loan 6209	16,909	2.82%
OWDA Loan 6476	2,419,669	2.00%
OWDA Loan 6477	121,416	2.00%
OWDA Loan 6962	232,287	2.75%
OWDA Loan 7332	79,075	2.33%
OWDA Loan 8430	76	0.00%
USDA Bonds	2,850,200	2.13%
USDA Fire Truck Bonds	261,373	2.38%
Vacuum Truck	78,641	2.84%
Total	\$ 8,116,253	

The Ohio Public Works Commission (OPWC) CT74M Loan relates to the storm sewer improvement project for replacement of storm sewer lines in various areas of the Village. The project was started in 2009 and completed in 2010 with final payment to engineers and contractor in early January of 2011. This loan was issued March 13, 2009 in the amount of \$440,000 for 30 years at 0% interest and will be re-paid in semi-annual installments of \$7,333 over 30 years, payable on January 1 and July 1 of each year with final payment due January 1, 2041. This 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. Payments are made from the Storm Sewer Fund.

The Ohio Public Works Commission (OPWC) Loan CT72M relates to installation of new water tanks and meter upgrades for users of Village water. The loan was issued March 6, 2009 in the amount of \$500,000 at 0% interest for 30 years. The loan will be repaid in semi-annual installments of \$8,333 over 30 years, payable January 1 and July 1 of each year with final payment due January 1, 2040. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. Payments are made from the Water Fund.

The Ohio Public Works Commission (OPWC) Loan CT34L relates to the construction of the wastewater treatment plant project for the Village. The loan was issued in the amount of \$500,000 at 0% interest. The loan is for a term of 20 years and payable January 1 and July 1 of each year in the amount of \$12,500, with final payment due July 1, 2032. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. Payments are made from the Sewer Fund.

The Ohio Public Works Commission (OPWC) Loan CN27U relates to the improvement of the State Route 43 drainage system for the Village. The loan was issued in the amount of \$70,139 at 0% interest. The loan is for a term of 30 years and payable January 1 and July 1 of each year in the amount of \$1,169, with final payment due January 1, 2049. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. Payments are made from the Storm Sewer Fund.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 11 – Debt (Continued)

The Ohio Public Works Commission (OPWC) Loan CN02W relates to the industrial drive reconstruction project for the Village. The loan was issued in the amount of \$380,200 at 0% interest. The loan is for a term of 20 years and payable January 1 and July 1 of each year in the amount of \$9,505, with final payment due July 1, 2041. Payments are made from the Street Maintenance Fund.

The Ohio Water Development Authority (OWDA) Loan 5127 relates to the water system improvements for replacement of water tanks and water meters. The loan was issued June 25, 2009 at the rate of 1.5% interest for 30 years with a maturity date of January 1, 2040. The loan will be re-paid in semi-annual installments in an amount invoiced by OWDA, payable January 1 and July 1 of each year. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Payments are made from the Water Fund.

The Ohio Water Development Authority (OWDA) Loan 6177 relates to a waterline replacement project on Second Street NW in the Village. The loan was issued April 26, 2012 in the original amount of \$118,877. The term of the loan is 30 years at 2% interest, with payments due January 1 and July 1 of each year beginning July 1, 2013 and final payment due January 1, 2043. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Payments are made from the Water Fund.

The Ohio Water Development Authority (OWDA) Loan 6209 relates to the Lincoln Avenue waterline replacement project in the Village. The loan was issued June 28, 2012 in the original amount of \$100,400 for 10 years at 2.82% interest, with payments due January 1 and July 1 of each year with a maturity date of July 1, 2022. Final payment is due July 1, 2022. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Payments are made from the Water Fund.

The Ohio Water Development Authority (OWDA) Loan 6476 relates to the design and construction of the new water treatment plant project. The loan was issued June 27, 2013 in the original amount of \$2,835,727 for a period of 30 years at 2.00% interest with payments due July 1 and January of each year beginning 7/1/2014. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Payments are made from the Water Fund.

The Ohio Water Development Authority (OWDA) Loan 6477 relates to a waterline replacement project on Brenner Road. The loan was issued June 27, 2013 in the original amount of \$149,961 for a period of 30 years at 2.00% interest with payments due January and July of each year, beginning July 1, 2014 with a maturity date of January 1, 2044. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Payments are made from the Water Fund.

The Village financed the wastewater treatment plant through USDA, who issued bonds in the amount of \$3,310,000 along with a USDA Grant in the amount of \$2,660,000 for the project that was completed in 2013. The interest rate is 2.125% for a term of 40 years and will be repaid with sewer revenue. One payment of principal and interest will be made once a year until paid in full. There is also a Sewer Reserve Fund set up for which the Sewer Department sets aside \$1,031 per month until the fund reaches a balance of \$123,748 known as the "Minimum Reserve". The Village has agreed to set utility rates sufficient to cover the USDA debt service requirements. Payments are made from the Sewer Fund.

The Ohio Water Development Authority (OWDA) Loan 6962 relates to the Bacon Pump Station and Sewerline Replacement. The loan was issued in the amount of \$299,615 at 2.75% interest. The loan is for a term of 20 years and payable January 1 and July 1 of each year in an amount invoiced by OWDA, with final payment due July 1, 2035. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Payments are made from the Sewer Fund.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 11 – Debt (Continued)

The Ohio Water Development Authority (OWDA) Loan 7332 relates to the removal and replacement of membrane filters at the WWTP. The loan was issued June 30, 2016 and the project is still under construction. The loan was issued in the amount of \$181,568 at 2.33% interest. The loan is for a term of 10 years and payable January 1 and July 1 of each year in an amount invoiced by OWDA, with final payment due January 1, 2027. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Payments are made from the Sewer Fund.

The Ohio Water Development Authority (OWDA) Loan 8430 relates to the Asset Management Plan for the water department. The loan was issued in April 2019 in the amount of \$18,143 and received principal forgiveness in the amount of \$18,132 during 2019. During 2020, the Village encumbered \$108.

The Village entered into an agreement with Kansas State Bank on October 1, 2018 to finance the purchase of a combination sewer cleaner mounted on a Freightliner Chassis (vacuum truck) in the amount of \$301,770 with an interest rate of 2.84%. Annual payments of \$80,874 started in fiscal year 2018 and will be made through October 1, 2021.

The Village financed a fire truck through the USDA, who issued bonds in the amount of \$430,000, of which \$261,373 was drawn in 2020. The interest rate is 2.375% for a term of 10 years and will be repaid with fire revenue. One payment of principal and interest will be made once a year until paid in full. Payments are made from the Fire Department Fund. The loan is not fully funded, and no amortization schedule is presented.

Amortization of the Village's debt principal and interest is scheduled as follows:

Year ending December 31:	OPWC CT74M	OPWC CT72M	OPWC CT34L	OPWC CN27U	OPWC CN02W
2021	\$ 14,666	\$ 16,666	\$ 25,000	\$ 2,338	\$ 19,010
2022	14,666	16,666	25,000	2,338	19,010
2023	14,666	16,666	25,000	2,338	19,010
2024	14,666	16,666	25,000	2,338	19,010
2025	14,666	16,666	25,000	2,338	19,010
2026-2030	73,330	83,330	125,000	11,690	95,050
2031-2035	73,330	83,330	37,500	11,690	95,050
2036-2040	73,330	70,843	-	11,690	76,040
2041-2045	13	-	-	11,690	-
2046-2050	-	-	-	4,675	-
Total	<u>\$ 293,333</u>	<u>\$ 320,833</u>	<u>\$ 287,500</u>	<u>\$ 63,125</u>	<u>\$ 361,190</u>

Year ending December 31:	OWDA 5127	OWDA 6177	OWDA 6209	OWDA 6476	OWDA 6477
2021	\$ 39,056	\$ 4,909	\$ 11,592	\$ 127,438	\$ 6,612
2022	39,056	4,909	5,796	127,438	6,612
2023	39,056	4,909	-	127,438	6,612
2024	39,056	4,909	-	127,438	6,612
2025	39,056	4,909	-	127,438	6,612
2026-2030	195,280	24,544	-	637,192	33,059
2031-2035	195,280	24,544	-	637,192	33,059
2036-2040	156,223	24,544	-	637,192	33,059
2041-2045	-	9,815	-	509,753	19,834
2046-2050	-	-	-	-	-
Total	<u>\$ 742,063</u>	<u>\$ 107,992</u>	<u>\$ 17,388</u>	<u>\$ 3,058,519</u>	<u>\$ 152,071</u>

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 11 – Debt (Continued)

Year ending December 31:	OWDA 6962	OWDA 7332	OWDA 8430	USDA Sewer Bonds	Kansas St Bank
2021	\$ 19,534	\$ 15,402	\$ 22	\$ 123,667	\$ 80,874
2022	19,534	15,402	22	123,626	-
2023	19,534	15,402	22	123,657	-
2024	19,534	15,402	10	123,659	-
2025	19,534	15,402	-	123,731	-
2026-2030	97,670	7,699	-	618,246	-
2031-2035	87,902	-	-	618,407	-
2036-2040	-	-	-	618,368	-
2041-2045	-	-	-	618,339	-
2046-2050	-	-	-	618,264	-
2051-2055	-	-	-	247,367	-
Total	<u>\$ 283,242</u>	<u>\$ 84,709</u>	<u>\$ 76</u>	<u>\$ 3,957,331</u>	<u>\$ 80,874</u>

Leases

The Village entered into a lease agreement with Leaf on a new Canon IR C5540i copy machine on June 28, 2018. The purchase price of the machine was \$7,876. Payments are \$144 for 63 months.

Note 12 – Contingent Liabilities

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

Note 13– Joint Venture

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. Carroll County has been in negotiations with the Ohio EPA regarding the landfill closure issues and no costs have yet been determined for which the Village may be liable. The Village is assuming no liability and a lawsuit was filed against the Carroll County Commissioners by the 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 special revenue account entitled "Landfill Closure Fund". Revenue is generated by the Village's exclusive trash contract, which was negotiated and renewed at the rate of \$3,170 per month from the trash hauler. Of this monthly amount \$670 is allocated to the Landfill Closure Fund and the other \$2,500 is allocated to the Street Maintenance Fund for maintenance of streets. The Landfill Closure Fund has a balance of \$188,759 as of December 31, 2020.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 14 – Capital Contributions

The Village is currently in the process of a water project that will be paid in full by Carroll County Energy and should be completed very soon. In 2018 the Village received \$1,724,000 out of the approximately \$3,047,000 in funding for the project and expensed \$58,808 for the project in 2020. The Village does not anticipate utilizing any of its funds for the project, however will own a portion of the waterlines after completion.

Note 15 – Fund Balances

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

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Total</u>
Nonspendable:				
Corpus	\$ -	\$ -	\$ 15,000	\$ 15,000
Outstanding Encumbrances	104,294	99,559	-	203,853
Total	<u>\$ 104,294</u>	<u>\$ 99,559</u>	<u>\$ 15,000</u>	<u>\$ 218,853</u>

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

Note 16 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Government Fund Types.

Note 17 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received \$239,110 as an on-behalf of grant from another government. These amounts are recorded as intergovernmental revenue and general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.



Certified Public Accountants, A.C.

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited, 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, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of Village of Carrollton, Carroll County, (the Village) and have issued our report thereon dated June 15, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. Furthermore, as discussed in Note 16 to the financial statements, during 2020, the Village adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) – All Governmental Fund Types.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of audit findings as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations
Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit findings as item 2021-002.

Purpose of This Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

June 15, 2022

VILLAGE OF CARROLLTON
CARROLL COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Clerk-Treasurer and is essential to ensure information provided to the readers of the financial statements is accurate. The Village should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements. The Village did not always accurately post receipts and disbursements to the Village's accounting system. The following errors were noted:

- Two auto license receipts were mistakenly posted to Intergovernmental in the General Fund when they should have been allocated to Intergovernmental and recorded in the Street Construction, Maintenance, and Repair Fund and State Highway Fund in 2021;
- Due to an error made in an adjusting entry for the ARP Funds, Intergovernmental was overstated and Municipal Income Tax was understated in the General Fund in 2021;
- One receipt for the non-business credit, owner-occupancy credit, and homestead rollback was mistakenly posted entirely to the General Fund rather than being allocated between the General Fund and Fire Department Fund in 2020; and
- Receipts and disbursements of the Coronavirus Relief Fund were mistakenly rolled up as a part of the General Fund during the preparation of the financial statements rather than as a part of the Special Revenue Fund column.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments. The Village has made these adjustments to its accounting system.

The following reclassifications were inconsequential to the overall financial statements of the Village for December 31, 2021 and 2020 and were not posted to the financial statements or ledgers:

- Ohio Dept. of Commerce and Ohio Dept. of Natural Resources grant receipts were recorded as Miscellaneous instead of Intergovernmental in the Fire Department Fund in 2021; and
- A Safety Intervention Grant receipt was recorded as Miscellaneous instead of Intergovernmental in the Street Construction, Maintenance, and Repair Fund in 2020.

Corrections were also made to the notes to the financial statements both to correct errors and to adjust for audit adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

We also recommend the Clerk-Treasurer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Official's Response – We did not receive a response from Officials to this finding.

VILLAGE OF CARROLLTON
CARROLL COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-002

Material Weakness/Noncompliance

Budgetary Controls

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. **Ohio Rev. Code § 5705** deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of **Ohio Rev. Code § 5705.39** indicating appropriations cannot exceed estimated resources (as disclosed in Note 3 in 2021 and 2020);
- Violations of **Ohio Rev. Code § 5705.41(B)** indicating budgetary expenditures cannot exceed appropriation authority (as disclosed in Note 3 in 2021 and 2020); and
- In 2021, approved appropriation amendments of (\$8,600) in the General Fund, (\$1,000) in the Police Law Enforcement Fund, and (\$3,000) in the Fire Department Fund were not entered into the accounting system.

In addition, the Village did not have a control procedure in place to ensure that estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the estimated receipts posted to the accounting system in 2020.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparisons of budgeted amounts versus actual amounts was not accurate. We recommend the Village implement procedures to ensure estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the Budget Commission after each amendment.

The Village Council should review the requirements of Ohio Rev. Code § 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. We recommend the Village establish a procedure to ensure the budget is monitored adequately so that expenditures do not exceed appropriation authority and appropriations do not exceed estimated resources.

Officials' Response – We did not receive a response from Officials to this finding.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Financial Reporting	Not Corrected	Repeated as Finding 2021-001
2019-002	FEMA Grants	Corrected	N/A
2019-003	Budgetary Controls	Not Corrected	Repeated as Finding 2021-002
2019-004	Ohio Revised Code § 5705.41(D)	Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CARROLLTON

CARROLL COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/14/2022

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Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov