



**CARROLL TOWNSHIP  
OTTAWA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



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

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**STATE OF OHIO**



**CARROLL TOWNSHIP  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Carroll Township  
Ottawa County  
1515 North State Route 19  
Oak Harbor, Ohio 43449-8829

To the Board of Trustees:

We have audited the accompanying financial statements of Carroll Township, Ottawa County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

June 12, 2000

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$1,231,581	\$293,234		\$1,524,815
Intergovernmental	66,451	70,405		136,856
Special Assessments		33,356		33,356
Licenses, Permits, and Fees	78	2,100		2,178
Fines, Forfeitures, and Penalties	5,846			5,846
Earnings on Investments	85,137	16,006		101,143
Other Revenue	10,134	5,946		16,080
Total Cash Receipts	<u>1,399,227</u>	<u>421,047</u>		<u>1,820,274</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	596,014	126,418		722,432
Public Safety	295,873			295,873
Public Works	73,856	244,421		318,277
Health	77,379	2,080		79,459
Capital Outlay	290,284	99,673		389,957
Total Cash Disbursements	<u>1,333,406</u>	<u>472,592</u>		<u>1,805,998</u>
Total Receipts Over/(Under) Disbursements	<u>65,821</u>	<u>(51,545)</u>		<u>14,276</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Fixed Assets		40,000		40,000
Transfers-In		1,299		1,299
Advances-In		25,000		25,000
Transfers-Out	(1,299)			(1,299)
Advances-Out	(25,000)			(25,000)
Other Sources	2,586			2,586
Total Other Financing Receipts/(Disbursements)	<u>(23,713)</u>	<u>66,299</u>		<u>42,586</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	42,108	14,754		56,862
Fund Cash Balances, January 1	<u>864,858</u>	<u>1,114,577</u>	<u>\$143,967</u>	<u>2,123,402</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$906,966</u></b>	<b><u>\$1,129,331</u></b>	<b><u>\$143,967</u></b>	<b><u>\$2,180,264</u></b>
Reserve for Encumbrances, December 31	<u>\$354,700</u>	<u>\$199</u>		<u>\$354,899</u>

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

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$896,656	\$560,409		\$1,457,065
Intergovernmental	66,091	79,719		145,810
Special Assessments		33,968		33,968
Licenses, Permits, and Fees	1,031	1,250		2,281
Fines, Forfeitures, and Penalties	6,683			6,683
Earnings on Investments	107,035	13,476		120,511
Other Revenue	42,117	1,200		43,317
Total Cash Receipts	<u>1,119,613</u>	<u>690,022</u>		<u>1,809,635</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	1,307,462	77,373		1,384,835
Public Safety	282,036			282,036
Public Works	75,460	288,444		363,904
Health	74,792	232		75,024
Capital Outlay	37,612	78,098	\$23,852	139,562
Total Cash Disbursements	<u>1,777,362</u>	<u>444,147</u>	<u>23,852</u>	<u>2,245,361</u>
Total Receipts Over/(Under) Disbursements	<u>(657,749)</u>	<u>245,875</u>	<u>(23,852)</u>	<u>(435,726)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	900,000	4,330		904,330
Transfers-Out	(4,330)		(900,000)	(904,330)
Other Sources	302			302
Total Other Financing Receipts/(Disbursements)	<u>895,972</u>	<u>4,330</u>	<u>(900,000)</u>	<u>302</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	238,223	250,205	(923,852)	(435,424)
Fund Cash Balances, January 1	<u>626,635</u>	<u>864,372</u>	<u>1,067,819</u>	<u>2,558,826</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$864,858</u></b>	<b><u>\$1,114,577</u></b>	<b><u>\$143,967</u></b>	<b><u>\$2,123,402</u></b>
Reserve for Encumbrances, December 31	<u>\$1,115</u>	<u>\$641</u>		<u>\$1,756</u>

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



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Carroll Township, Ottawa County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, police and fire protection and emergency medical services.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project fund:

Permanent Improvement Fund - Received operating transfers in prior years from the General Fund. The proceeds are being used to purchase land and equipment.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

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

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

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

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

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$108,665	\$110,185
STAR Ohio	<u>2,071,599</u>	<u>2,013,217</u>
Total deposits and investments	<u><u>\$2,180,264</u></u>	<u><u>\$2,123,402</u></u>

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,224,000	\$1,401,813	\$177,813
Special Revenue	<u>401,600</u>	<u>487,346</u>	<u>85,746</u>
Total	<u><u>\$1,625,600</u></u>	<u><u>\$1,889,159</u></u>	<u><u>\$263,559</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,114,973	\$1,714,405	\$400,568
Special Revenue	1,491,817	472,791	1,019,026
Capital Projects	<u>143,966</u>	<u>143,966</u>	<u>143,966</u>
Total	<u><u>\$3,750,756</u></u>	<u><u>\$2,187,196</u></u>	<u><u>\$1,563,560</u></u>

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

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,945,250	\$2,019,915	\$74,665
Special Revenue	674,100	694,352	20,252
Capital Projects	250,000		(250,000)
Total	<u>\$2,869,350</u>	<u>\$2,714,267</u>	<u>(\$155,083)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,596,886	\$1,782,807	\$814,079
Special Revenue	1,513,471	444,788	1,068,683
Capital Projects	1,317,818	923,852	393,966
Total	<u>\$5,428,175</u>	<u>\$3,151,447</u>	<u>\$2,276,728</u>

**4. PROPERTY TAX**

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

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

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

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Special Assessment Bonds	<u>\$73,054</u>	4.95%

The special assessment bonds were issued to finance a breakwater project for Turtle Creek. The bonds are collateralized solely by the Township's taxing authority.

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

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

Year ending December 31:	Special Assessment Bonds
2000	\$76,670

**6. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, all members of PERS except Township policemen contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. Policemen of the Township covered under PERS contributed 9.0% of their gross salaries. The Township contributed an amount equal to 16.7% of participants' gross salaries. The Township pays the entire employee portion for all full-time employees as a fringe benefit. The Township has paid all contributions required through December 31, 1999.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Commercial Property
- General liability
- Employer's Liability
- Public official's liability
- Vehicle
- Inland Marine
- Umbrella
- Police Liability
- Primary and Excess Ambulance Emergency and Operation Liability
- Firemen and EMS Accident and Sickness

The Township also provides health insurance and dental and vision coverage to full-time employees through private carriers.

**8. OUTSTANDING LOAN RECEIVABLE**

The Township entered into a loan agreement with the Carroll Water and Sewer District in accordance with the Ohio Revised Code §§ 505.705 and 6119.04. The agreement has provided that the Township could loan funds to the District to be used for the construction of the water and sewer facilities.

As of December 31, 1999, the outstanding loan owed to the Township totaled \$1,499,212.

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

Carroll Township  
Ottawa County  
1515 North State Route 19  
Oak Harbor, Ohio 43449-8829

To the Board of Trustees:

We have audited the accompanying financial statements of Carroll Township, Ottawa County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 12, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 12, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audits, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 12, 2000.

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

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

**Jim Petro**  
Auditor of State

June 12, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**CARROLL TOWNSHIP**

**OTTAWA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 29, 2000**