



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF CARROLLTON
CARROLL COUNTY
DECEMBER 31, 2023 AND 2022**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2023	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Proprietary Fund Types For the Year Ended December 31, 2023	6
Notes to the Financial Statements For the Year Ended December 31, 2023	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2022	19
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Proprietary Fund Types For the Year Ended December 31, 2022	20
Notes to the Financial Statements For the Year Ended December 31, 2022	21
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	33
Schedule of Findings.....	35
Prepared by Management:	
Schedule of Prior Audit Findings.....	39

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code 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, 2023 and 2022, 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.

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.

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.

- 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 December 23, 2024, 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.



Keith Faber
Auditor of State
Columbus, Ohio

December 23, 2024

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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, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts					
Property and Other Local Taxes	\$1,783,072	\$263,995			\$2,047,067
Intergovernmental	91,941	324,567			416,508
Special Assessments		63,000			63,000
Charges for Services	7,378	86,500			93,878
Fines, Licenses and Permits	81,129	8,477			89,606
Earnings on Investments	100,597	650		\$3	101,250
Miscellaneous	638,974	52,078	\$3,782		694,834
<i>Total Cash Receipts</i>	<u>2,703,091</u>	<u>799,267</u>	<u>3,782</u>	<u>3</u>	<u>3,506,143</u>
Cash Disbursements					
Current:					
Security of Persons & Property	1,015,773	218,690			1,234,463
Public Health Services	13,122	1,050			14,172
Leisure Time Activities	50,976				50,976
Community Environment	6,940	15,895			22,835
Basic Utility Services		17,099			17,099
Transportation	500,581	244,645			745,226
General Government	384,705				384,705
Capital Outlay	289,877	140,493	9,982		440,352
Debt Service:					0
Principal Retirement		348,402			348,402
Interest and Fiscal Charges		7,419			7,419
<i>Total Cash Disbursements</i>	<u>2,261,974</u>	<u>993,693</u>	<u>9,982</u>	<u>0</u>	<u>3,265,649</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>441,117</u>	<u>(194,426)</u>	<u>(6,200)</u>	<u>3</u>	<u>244,494</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	157	4,325			4,482
<i>Total Other Financing Receipts (Disbursements)</i>	<u>157</u>	<u>4,325</u>	<u>0</u>	<u>0</u>	<u>4,482</u>
<i>Net Change in Fund Cash Balances</i>	<u>441,274</u>	<u>(190,101)</u>	<u>(6,200)</u>	<u>3</u>	<u>244,976</u>
<i>Fund Cash Balances, January 1</i>	<u>3,743,509</u>	<u>1,185,544</u>	<u>6,391</u>	<u>15,000</u>	<u>4,950,444</u>
<i>Fund Cash Balances, December 31</i>	<u>\$4,184,783</u>	<u>\$995,443</u>	<u>\$191</u>	<u>\$15,003</u>	<u>\$5,195,420</u>

See accompanying notes to the financial statements

Village of Carrollton
Carroll County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2023

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$1,807,388
Miscellaneous	21,285
<i>Total Operating Cash Receipts</i>	<u>1,828,673</u>
Operating Cash Disbursements	
Personal Services	512,949
Fringe Benefits	225,114
Contractual Services	400,834
Supplies and Materials	272,250
Other	1,483
<i>Total Operating Cash Disbursements</i>	<u>1,412,630</u>
<i>Operating Income (Loss)</i>	<u>416,043</u>
Non-Operating Receipts (Disbursements)	
Earnings on Investments	134
Sale of Capital Assets	8,000
Capital Outlay	(129,018)
Principal Retirement	(256,492)
Interest and Other Fiscal Charges	(121,781)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(499,157)</u>
<i>Net Change in Fund Cash Balance</i>	(83,114)
<i>Fund Cash Balances, January 1</i>	<u>905,409</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$822,295</u></u>

See accompanying notes to the financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 1 – Reporting Entity

The Village of Carrollton, Carroll County, (the Village) as 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 12 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, 2023**

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 13 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, 2023**

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 2023 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.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$2,111 are reflected as miscellaneous revenue in the OneOhio Special Revenue Fund in the accompanying financial statements.

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.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

The 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 14.

Note 3 – Compliance

Contrary to Ohio law, total appropriation authority exceeded total estimated receipts in the Street Maintenance and Sewer funds by \$78,480 and \$240,863, respectively.

Note 4 – Budgetary Activity

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

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,254,215	\$2,703,248	\$449,033
Special Revenue	631,850	803,592	171,742
Capital Projects	0	3,782	3,782
Permanent	0	3	3
Enterprise	1,865,880	1,836,807	(29,073)
Total	<u>\$4,751,945</u>	<u>\$5,347,432</u>	<u>\$595,487</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,788,645	\$2,499,656	\$288,989
Special Revenue	1,750,456	1,031,462	718,994
Capital Projects	277,523	9,982	267,541
Permanent	0	0	0
Enterprise	4,392,873	2,366,107	2,026,766
Total	<u>\$9,209,497</u>	<u>\$5,907,207</u>	<u>\$3,302,290</u>

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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:

	2023
Demand Deposits	\$ 1,359,168
Savings Account	140,505
Certificates of Deposit	<u>3,087,269</u>
Total deposits	<u>4,586,942</u>
 MMAX Trade Account	 <u>1,430,773</u>
Total investments	<u>1,430,773</u>
 Total deposits and investments	 <u>\$ 6,017,715</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.

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.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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.

Note 7 – Transfers

During 2023, 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.

	<u>Transfers-In</u>	<u>Transfers-Out</u>
Sewer Operating Fund	\$ -	\$ 12,375
Sewer Reserve Fund	12,375	-
	<u>\$ 12,375</u>	<u>\$ 12,375</u>

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.

During 2023, the Village did not incur any losses in excess of insurance coverage.

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.

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 \$4.65 per month for those under age 65.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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, 2023.

Note 9 – Defined Benefit Pension Plans (Continued)

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the 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, 2023.

Note 10 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 11 – Debt

Debt outstanding at December 31, 2023 was as follows:

	Principal	Interest Rate
OPWC Loan CT74M	\$ 249,333	0.00%
OPWC Loan CT72M	270,833	0.00%
OPWC Loan CT34L	212,500	0.00%
OPWC Loan CN27U	56,111	0.00%
OPWC Loan CN02W	304,160	0.00%
OWDA Loan 5127	553,729	1.50%
OWDA Loan 6177	77,275	2.00%
OWDA Loan 6476	2,176,526	2.00%
OWDA Loan 6477	108,548	2.00%
OWDA Loan 6962	191,468	2.75%
OWDA Loan 7332	37,194	2.33%
USDA Treatment Plant Bonds	2,656,900	2.13%
Total	<u>\$ 6,894,577</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.

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.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 11 – Debt (Continued)

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 July 1, 2014 and final payment due January 1, 2045. 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 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.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 11 – Debt (Continued)

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. The loan was paid in full during the 2023 fiscal year.

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
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	14,666	16,666	25,000	2,338	19,010
2028	14,666	16,666	25,000	2,338	19,010
2029-2033	73,330	83,330	87,500	11,690	95,050
2034-2038	73,330	83,330	-	11,690	95,050
2039-2043	29,343	20,843	-	11,690	19,010
2044-2048	-	-	-	9,351	-
Total	<u>\$ 249,333</u>	<u>\$ 270,833</u>	<u>\$ 212,500</u>	<u>\$ 56,111</u>	<u>\$ 304,160</u>

Year ending December 31:	OWDA 5127	OWDA 6177	OWDA 6476	OWDA 6477	OWDA 6962
2024	\$ 30,636	\$ 3,347	\$ 83,492	\$ 4,419	\$ 14,172
2025	31,097	3,414	85,171	4,508	14,564
2026	31,565	3,482	86,883	4,598	14,967
2027	32,040	3,552	88,629	4,691	15,382
2028	32,523	3,624	90,410	4,785	15,808
2029-2033	170,108	19,242	480,052	25,407	85,852
2034-2038	183,305	21,255	530,276	28,065	30,723
2039-2043	42,455	19,359	585,755	31,001	-
2044-2048	-	-	145,858	1,074	-
Total	<u>\$ 553,729</u>	<u>\$ 77,275</u>	<u>\$ 2,176,526</u>	<u>\$ 108,548</u>	<u>\$ 191,468</u>

Year ending December 31:	OWDA 7332	USDA Sewer Bonds
2024	\$ 14,451	\$ 67,200
2025	14,790	68,700
2026	7,953	70,100
2027	-	71,500
2028	-	73,100
2029-2033	-	389,500
2034-2038	-	432,700
2039-2043	-	480,700
2044-2048	-	533,900
2053-2057	-	469,500
Total	<u>\$ 37,194</u>	<u>\$ 2,656,900</u>

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 11 – 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 12 – 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 \$159,009 as of December 31, 2023.

Note 13 – Capital Contributions

The Village is currently in the process of a water project that will be paid in full by Carroll County Energy and was completed in 2023. In 2018 the Village received \$1,724,000 out of the approximately \$3,047,000 in funding for the project and expensed \$0 for the project in 2023. The Village does not anticipate utilizing any of its funds for the project, however, will own a portion of the waterlines after completion.

Note 14 – Fund Balances

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

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ 15,000	\$ 15,000
Outstanding Encumbrances	237,682	37,769	-	275,451
Total	<u>\$ 237,682</u>	<u>\$ 37,769</u>	<u>\$ 15,000</u>	<u>\$ 290,451</u>

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

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Note 15 – 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 2022, 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.

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, 2022

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Taxes	\$317,476	\$267,730			\$585,206
Municipal Income Tax	1,465,425				1,465,425
Intergovernmental	102,394	405,789			508,183
Special Assessments		63,386			63,386
Charges for Services	6,561	19,000			25,561
Fines, Licenses and Permits	69,953	12,875			82,828
Earnings on Investments	14,458	156			14,614
Miscellaneous	724,329	78,064	\$6,165	\$1,816	810,374
Total Cash Receipts	2,700,596	847,000	6,165	1,816	3,555,577
Cash Disbursements					
Current:					
Security of Persons & Property	923,700	171,998			1,095,698
Public Health Services	21,054	116,248			137,302
Leisure Time Activities	49,892			800	50,692
Community Environment	6,794	11,226			18,020
Basic Utility Services		5,638			5,638
Transportation	336,749	201,807			538,556
General Government	391,499				391,499
Capital Outlay	334,421	252,816	17,330		604,567
Debt Service:					0
Principal Retirement		133,022			133,022
Interest and Fiscal Charges		8,352			8,352
Total Cash Disbursements	2,064,109	901,107	17,330	800	2,983,346
Excess of Receipts Over (Under) Disbursements	636,487	(54,107)	(11,165)	1,016	572,231
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	8,800	36,395			45,195
Transfers In		40,000	15,000		55,000
Transfers Out	(385,027)				(385,027)
Total Other Financing Receipts (Disbursements)	(376,227)	76,395	15,000	0	(284,832)
Net Change in Fund Cash Balances	260,260	22,288	3,835	1,016	287,399
Fund Cash Balances, January 1	3,483,249	1,163,256	2,556	13,984	4,663,045
Fund Cash Balances, December 31	\$3,743,509	\$1,185,544	\$6,391	\$15,000	\$4,950,444

See accompanying notes to the financial statements

Village of Carrollton
Carroll County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2022

	Enterprise
Operating Cash Receipts	
Charges for Services	\$1,848,234
Miscellaneous	8,008
<i>Total Operating Cash Receipts</i>	<u>1,856,242</u>
Operating Cash Disbursements	
Personal Services	478,736
Fringe Benefits	218,629
Contractual Services	433,436
Supplies and Materials	264,472
Other	1,066
<i>Total Operating Cash Disbursements</i>	<u>1,396,339</u>
<i>Operating Income (Loss)</i>	<u>459,903</u>
Non-Operating Receipts (Disbursements)	
Earnings on Investments (proprietary funds only)	69
Capital Outlay	(365,539)
Principal Retirement	(278,776)
Interest and Other Fiscal Charges	(126,151)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(770,397)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(310,494)
Transfers In	342,402
Transfers Out	<u>(12,375)</u>
<i>Net Change in Fund Cash Balance</i>	19,533
<i>Fund Cash Balances, January 1</i>	<u>885,876</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$905,409</u></u>

See accompanying notes to the financial statements

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 1 – Reporting Entity

The Village of Carrollton, Carroll County, (the Village) as 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, 2022**

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, 2022**

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 2022 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.

Leases

The Village is the lessee in one lease related to office equipment under noncancelable leases. Lease disbursements are recognized when they are paid.

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.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

The 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 appropriation authority exceeded total estimated receipts in the Street Maintenance, American Rescue Act, and Sewer funds by \$115,977, \$633, and \$484,001, respectively. Also contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$353,784.

Note 4 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,198,275	\$2,709,396	\$511,121
Special Revenue	576,900	923,395	346,495
Capital Projects	0	21,165	21,165
Permanent	0	1,816	1,816
Enterprise	1,851,680	2,198,713	347,033
Total	<u>\$4,626,855</u>	<u>\$5,854,485</u>	<u>\$1,227,630</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,241,104	\$2,594,888	(\$353,784)
Special Revenue	1,708,530	955,670	752,860
Capital Projects	33,027	17,330	15,697
Permanent	2,856	800	2,056
Enterprise	4,668,853	2,254,377	2,414,476
Total	<u>\$8,654,370</u>	<u>\$5,823,065</u>	<u>\$2,831,305</u>

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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:

	2022
Demand Deposits	\$ 2,789,587
Savings Account	127,996
Certificates of Deposit	1,555,051
Total deposits	<u>4,472,634</u>
 MMAX Trade Account	 1,383,219
Total investments	<u>1,383,219</u>
 Total deposits and investments	 <u>\$ 5,855,853</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.

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, 2022**

Note 7 – Transfers

During 2022, 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		(\$385,027)
Storm Sewers Fund	\$40,000	
Capital Projects- Sidewalk Fund	15,000	
Sewer Operating Fund	330,027	(12,375)
Sewer Reserve Fund	12,375	
	<u>\$397,402</u>	<u>(\$397,402)</u>

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, 2022**

Note 8 – Risk Management

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, 2022.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the 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, 2022.

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 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. 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.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employment retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 11 – Debt

Debt outstanding at December 31, 2022 was as follows:

	Principal	Interest Rate
OPWC Loan CT74M	\$ 264,000	0.00%
OPWC Loan CT72M	287,500	0.00%
OPWC Loan CT34L	237,500	0.00%
OPWC Loan CN27U	58,449	0.00%
OPWC Loan CN02W	323,170	0.00%
OWDA Loan 5127	584,136	1.50%
OWDA Loan 6177	80,588	2.00%
OWDA Loan 6476	2,259,191	2.00%
OWDA Loan 6477	112,923	2.00%
OWDA Loan 6962	205,448	2.75%
OWDA Loan 7332	51,479	2.33%
USDA Treatment Plant Bonds	2,722,700	2.13%
USDA Fire Truck Bonds	312,387	2.38%
Total	<u>\$ 7,499,471</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, 2022**

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 July 1, 2014 and final payment due January 1, 2045. 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. The loan was fully repaid during 2022.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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 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
2023	\$ 14,666	\$ 16,666	\$ 25,000	\$ 2,337	\$ 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	14,666	16,666	25,000	2,338	19,010
2028-2032	73,333	83,333	112,500	11,690	95,050
2033-2037	73,333	83,333	-	11,690	95,050
2038-2042	44,004	37,504	-	11,690	38,020
2043-2047	-	-	-	11,690	-
2048-2052	-	-	-	-	-
Total	<u>\$ 264,000</u>	<u>\$ 287,500</u>	<u>\$ 237,500</u>	<u>\$ 58,449</u>	<u>\$ 323,170</u>

Year ending December 31:	OWDA 5127	OWDA 6177	OWDA 6476	OWDA 6477	OWDA 6962
2023	\$ 39,056	\$ 4,909	\$ 127,438	\$ 6,612	\$ 19,534
2024	39,056	4,909	127,438	6,612	19,534
2025	39,056	4,909	127,438	6,612	19,534
2026	39,056	4,909	127,438	6,612	19,534
2027	39,056	4,909	127,438	6,612	19,534
2028-2032	195,280	24,544	637,192	33,059	97,670
2033-2037	193,576	24,544	637,192	33,059	10,108
2038-2042	-	6,955	347,617	13,745	-
2043-2047	-	-	-	-	-
2048-2052	-	-	-	-	-
Total	<u>\$ 584,136</u>	<u>\$ 80,588</u>	<u>\$ 2,259,191</u>	<u>\$ 112,923</u>	<u>\$ 205,448</u>

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 11 – Debt (Continued)

Year ending December 31:	OWDA 7332	USDA Sewer Bonds	USDA Fire Truck Bonds
2023	\$ 15,402	\$ 123,657	\$ 48,858
2024	15,402	123,659	48,796
2025	15,402	123,731	48,813
2026	5,273	123,671	48,806
2027	-	123,582	48,775
2028-2032	-	618,342	147,572
2033-2037	-	618,356	-
2038-2042	-	618,385	-
2043-2047	-	618,306	-
2048-2052	-	618,347	-
Total	<u>\$ 51,479</u>	<u>\$ 3,710,036</u>	<u>\$ 391,620</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 \$168,904 as of December 31, 2022.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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 \$0 for the project in 2022. 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 balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ 15,000	\$ 15,000
Outstanding Encumbrances	145,752	54,563	-	200,315
Total	<u>\$ 145,752</u>	<u>\$ 54,563</u>	<u>\$ 15,000</u>	<u>\$ 215,315</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, 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 2022, the Village received \$159,754 as an on-behalf of grant from another government. These amounts are recorded as intergovernmental revenue in the American Rescue Act Fund. Notes



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

**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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Carrollton, Carroll County, (the County) and have issued our report thereon dated December 23, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 findings as items 2023-003 and 2023-004 that we consider to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings as items 2023-001 and 2023-002.

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.



Keith Faber
Auditor of State
Columbus, Ohio

December 23, 2024

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2023-001

Noncompliance Citation – Expenditures Exceeding Appropriations

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's General Fund had expenditures in excess of appropriations of \$353,784 as of December 31, 2022.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations.

FINDING NUMBER 2023-002

Noncompliance Citation – Appropriations Exceeding Estimated Resources

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2023, the Village's appropriations exceeded the amount certified as available by the budget commission in the Street Maintenance and Sewer funds by \$78,480 and \$240,863, respectively.

At December 21, 2022, the Village's appropriations exceeded the amount certified as available by the budget commission in the Street Maintenance, American Rescue Act, and Sewer funds by \$115,977, \$633 and \$484,001, respectively.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by Village Council to reduce the appropriations.

FINDING NUMBER 2023-003

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Fiscal Officer did not abide by the adopted chart of accounts in coding and classifying various transactions. This resulted in reclassifications to the filed financial statements. The Village Fiscal Officer and management have agreed to and posted the reclassifications to the Village's accounting records. The corrected amounts are reflected in the accompanying financial statements.

2023 Reclasses:

Fund/Line Item Adjusted From:	Fund/Line Item Adjusted To:	Amount	Explanation
Fire - Miscellaneous	Fire - Intergovernmental	\$49,518	State Grants that were misposted to miscellaneous
Police - Miscellaneous	Police Intergovernmental	\$5,406	State Grants that were misposted to miscellaneous
Storm Sewers-Miscellaneous	Storm Sewers-Special Assessments	\$63,000	Special Assessments that were misposted to miscellaneous
General - Receipts & Security of Person and Property Expenditures	American Rescue Plan – Receipts & Security of Person and Property Expenditures	\$20,000	State fiscal recovery funding misposted to General fund receipts and corresponding expenditures, instead of, American Rescue Plan

Note the above reclasses were in excess of the Special Revenue Performance Materiality of \$51,119.

2022 Adjustments:

Fund/Line Item Adjusted From:	Fund/Line Item Adjusted To:	Amount	Explanation
General - Intergovernmental	Street Maintenance - Intergovernmental	\$5,155	Auto License monies misposted to General
General - Intergovernmental	State Highway - Intergovernmental	\$418	Auto License monies misposted to General

FINDING NUMBER 2023-003
(Continued)

Note the above adjustment was material to the individual special revenue fund Street Maintenance, which had an ending fund balance of \$71,520.

2022 Reclasses:

Fund/Line Item Adjusted From:	Fund/Line Item Adjusted To:	Amount	Explanation
Permanent (Parks) – Earnings on Investments	Permanent (Parks) - Miscellaneous	\$1,816	Monies received were not C.D. interest and was above the performance materiality of \$42.

Adjustments to the Financial Statements Notes, which were agreed to by Village management and are reflected in the accompanying Notes to the Financial Statements, are as follows:

- Compliance
- Budgetary Activity
- Transfers

The Village did not have procedures in place to record transactions properly or procedures in place to include updated disclosures.

Failure to consistently follow a uniform chart of accounts increases the possibility the Village will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

The Fiscal Officer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the Village chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported. In addition, the Village should review the financial statements and notes prior to report submission and ensure the most current version of the notes are used, which is located on the Auditor of State's website under Reference Material, and includes accurate information.

FINDING NUMBER 2023-004

Material Weakness – Budget Amounts Not Properly Recorded in the Accounting System

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

FINDING NUMBER 2023-004
(Continued)

During 2023, the appropriations for the Village's General, Street Maintenance, 7 1/2%, American Rescue Act, and Sewer funds per the original, supplemental, and amended appropriations approved in Council minutes were \$2,642,893, \$342,000, \$18,000, \$201,993 and \$1,342,525, respectively. However, the respective amounts posted to the Village's ledgers were \$2,880,295, \$360,890, \$32,507, \$403,987, and \$1,357,656, which resulted in variances of \$237,403, \$18,890, \$14,507, \$201,993, and \$15,131, respectively.

During 2022, the appropriations for the Village's General, Street Maintenance, American Rescue Act, and Sewer funds per the original, supplemental, and amended appropriations approved in Council minutes were \$2,090,711, \$380,059, \$159,121, and \$1,613,602, respectively. However, the respective amounts posted to the Village's ledgers were \$3,214,754, \$388,138, \$318,242, and \$1,350,368, which resulted in variances of \$1,124,043, \$8,078, \$159,121, and \$263,233, respectively.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system.

Failure to accurately post the appropriations to the ledgers could result in overspending and negative cash balances.

To effectively control the budgetary cycle and to maintain accountability over expenditures, the Village should post to the ledgers, on a timely basis, appropriations approved by Council. The Village should then monitor budget versus actual reports to help ensure appropriations have been properly posted to the ledgers.

Officials' Response: We did not receive a response from Officials to the findings reported above.

VILLAGE OF CARROLLTON

80 2ND St. SW

Carrollton, Ohio 44615

330-627-2411

330-627-3502 (Fax)

William J Stoneman, Mayor
Mark Wells, Village Administrator

Darla Tipton, Clerk/Treasurer
Tim Timberlake, Police Chief

Summary Schedule of Prior Audit Findings

Finding Number	Finding Summary	Status	Additional Information
2021-001	Financial Reporting	Not Corrected	Re-Issued as Finding 2023-003
2021-002	Budgetary Controls	Not Corrected	Re-Issued as Finding 2023-001, 2023-002 and 2023-004

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 1/7/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

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