



**VILLAGE OF CARROLLTON
CARROLL COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF CARROLLTON
CARROLL COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Carrollton
Carroll County
80 Second Street SW
Carrollton, Ohio 44615-1539

To the Village Council:

We have audited the accompanying financial statements of the Village of Carrollton, Carroll County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Carrollton as of December 31, 2000 and 1999, and its combined cash receipts and disbursements and reserves for encumbrances for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering results of our audit.

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

Jim Petro
Auditor of State

July 12, 2001

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**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Local Taxes Receipts	\$143,515	\$79,632		\$652,750	\$875,897
Intergovernmental Receipts	174,042	215,745			389,787
Charges for Services	18,575	20,500			39,075
Fines, Licenses, and Permits	68,355			22,500	90,855
Miscellaneous	64,339	2,140		5	66,484
Total Cash Receipts	468,826	318,017		675,255	1,462,098
Cash Disbursements:					
Current:					
Security of Persons and Property	309,042	127,210			436,252
Public Health Services	15,776				15,776
Leisure Time Activities	29,689	2,771			32,460
Community Environment	5,044				5,044
Transportation	130,382	222,104			352,486
General Government	199,878			22,156	222,034
Debt Service:					
Debt Payments			\$147,701		147,701
Capital Outlay	97,703	33,316		110	131,129
Total Cash Disbursements	787,514	385,401	147,701	22,266	1,342,882
Total Receipts Over/(Under) Disbursements	(318,688)	(67,384)	(147,701)	652,989	119,216
Other Financing Sources/(Uses):					
Transfers-In	600,000	135,107	147,701	30,000	912,808
Advances-In	45,000	2,641			47,641
Transfers-Out	(217,036)	(50,121)		(600,000)	(867,157)
Advances-Out	(2,641)	(45,000)			(47,641)
Other Sources	8,401	805			9,206
Other Uses				(29,782)	(29,782)
Total Other Financing Sources/(Uses)	433,724	43,432	147,701	(599,782)	25,075
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	115,036	(23,952)		53,207	144,291
Fund Cash Balances, January 1	342,112	241,878		294,749	878,739
Fund Cash Balances, December 31	\$457,148	\$217,926		\$347,956	\$1,023,030
Reserves for Encumbrances, December 31	\$18,135	\$29,597		\$100	\$47,832

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

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
Operating cash receipts:			
Charges for services	\$578,551		\$578,551
Miscellaneous	308		308
Total operating cash receipts	<u>578,859</u>		<u>578,859</u>
Operating cash disbursements:			
Personal services	251,017		251,017
Travel Transportation	4,081		4,081
Contractual services	96,627		96,627
Supplies and materials	70,270		70,270
Capital outlay	33,025		33,025
Total operating cash disbursements	<u>455,020</u>		<u>455,020</u>
Operating income/(loss)	<u>123,839</u>		<u>123,839</u>
Non-operating cash receipts:			
Other non-operating revenues	757	\$590	1,347
Total non-operating cash receipts	<u>757</u>	<u>590</u>	<u>1,347</u>
Excess of receipts over/(under) disbursements before interfund transfers and advances	124,596	590	125,186
Transfers-out	<u>(45,651)</u>		<u>(45,651)</u>
Net receipts over/(under) disbursements	78,945	590	79,535
Fund cash balances, January 1	<u>124,000</u>	<u>17,659</u>	<u>141,659</u>
Fund cash balances, December 31	<u><u>\$202,945</u></u>	<u><u>\$18,249</u></u>	<u><u>\$221,194</u></u>

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

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes Receipts	\$126,247	\$73,374			\$630,395	\$830,016
Intergovernmental Receipts	87,318	180,691		\$18,000		286,009
Charges for Services	19,667	20,500				40,167
Fines, Licenses, and Permits	34,057	100				34,157
Miscellaneous	36,283	2,223				38,506
Total Cash Receipts	303,572	276,888		18,000	630,395	1,228,855
Cash Disbursements:						
Current:						
Security of Persons and Property	310,832	122,265				433,097
Public Health Services	15,204					15,204
Leisure Time Activities	33,065	17,035				50,100
Community Environment	5,321					5,321
Transportation	150,050	118,765				268,815
General Government	190,412				22,145	212,557
Capital Outlay	31,812	44,508		310,241	2,190	388,751
Debt Service			138,622			138,622
Total Cash Disbursements	736,696	302,573	138,622	310,241	24,335	1,512,467
Total Receipts Over/(Under) Disbursements	(433,124)	(25,685)	(138,622)	(292,241)	606,060	(283,612)
Other Financing Sources/(Uses):						
Sale of Notes				212,093		212,093
Sale of Assets	100					100
Transfers-In	530,000	160,000	138,622	79,001	30,000	937,623
Advances-In		45,000				45,000
Transfers-Out	(180,833)	(50,122)			(650,000)	(880,955)
Advances-Out	(45,000)					(45,000)
Other Sources	9,691	9,348		1,147		20,186
Other Uses					(11,713)	(11,713)
Total Other Financing Sources/(Uses)	313,958	164,226	138,622	292,241	(631,713)	277,334
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(119,166)	138,541			(25,653)	(6,278)
Fund Cash Balances, January 1	461,278	103,337			320,402	885,017
Fund Cash Balances, December 31	\$342,112	\$241,878			\$294,749	\$878,739
Reserves for Encumbrances, December 31	\$24,050	\$46,738				\$70,788

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

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Type	Fiduciary Fund Types		Total (Memeorandum Only)
	Enterprise	Non-Expendable Trust	Agency	
Operating cash receipts:				
Charges for Services	\$514,464			\$514,464
Miscellaneous	930			930
Total operating cash receipts	<u>515,394</u>			<u>515,394</u>
Operating cash disbursements:				
Personal Services	233,483			233,483
Travel Transportation	392			392
Contractual Services	91,207			91,207
Supplies and Materials	75,087			75,087
Capital Outlay	63,887			63,887
Total operating cash disbursements	<u>464,056</u>			<u>464,056</u>
Operating income/(loss)	<u>51,338</u>			<u>51,338</u>
Non-operating cash receipts:				
Mayor's court receipts			\$42,192	42,192
Other non-operating revenues	976	\$576		1,552
Total non-operating cash receipts	<u>976</u>	<u>576</u>	<u>42,192</u>	<u>43,744</u>
Non-operating cash disbursements:				
Mayor's court disbursements			42,192	42,192
Total non-operating cash disbursements			<u>42,192</u>	<u>42,192</u>
Excess of receipts over/(under) disbursements before interfund transfers and advances	52,314	576		52,890
Transfers-out	<u>(56,668)</u>			<u>(56,668)</u>
Net receipts over/(under) disbursements	(4,354)	576		(3,778)
Fund cash balances, January 1, 1999	<u>128,354</u>	<u>17,083</u>		<u>145,437</u>
Fund cash balances, December 31, 1999	<u>\$124,000</u>	<u>\$17,659</u>		<u>\$141,659</u>
Reserve for encumbrances, December 31, 1999	<u>\$7,404</u>			<u>\$7,404</u>

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

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Carrollton, Carroll County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, street maintenance and repair, building inspections and development, parks and recreation, and police and fire protection.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit are valued at cost.

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Funds

These funds are used to accumulate resources for the payment of note indebtedness. The Village had the following significant Debt Service Fund:

Debt Service Fund - This fund receives money transferred from the General Fund and the Fire Levy Fund to make debt payments.

4. Capital Project Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Permanent Improvement Fund - This fund received Issue II money for a waterline replacement project.

5. Enterprise Funds

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

Water Revenue Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Revenue Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

6. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Income Tax Fund - This fund receives the income tax revenue and the revenue is then transferred out to the appropriate funds.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. 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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 783,224	\$ 811,398
Certificates of deposit	461,000	209,000
Total deposits	<u>\$1,244,224</u>	<u>\$1,020,398</u>

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

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,019,309	\$ 1,077,227	\$ 57,918
Special Revenue	411,097	453,929	42,832
Debt Service	147,701	147,701	0
Fiduciary	640,500	705,845	65,345
Enterprise	564,500	579,616	15,116
Total	\$ 2,783,107	\$ 2,964,318	\$ 181,211

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,284,347	\$ 1,022,685	\$ 261,662
Special Revenue	1,405,257	465,119	940,138
Debt Service	137,097	147,701	(10,604)
Fiduciary	691,800	652,148	39,652
Enterprise	665,504	500,671	164,833
Total	\$ 4,184,005	\$ 2,788,324	\$ 1,395,681

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 852,251	\$ 843,363	\$ (8,888)
Special Revenue	486,264	446,236	(40,028)
Debt Service	142,517	138,622	(3,895)
Capital Project	310,241	310,241	0
Fiduciary	596,499	660,971	64,472
Enterprise	519,500	516,370	(3,130)
Total	\$ 2,907,272	\$ 2,915,803	\$ 8,531

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,207,341	\$ 941,579	\$ 265,762
Special Revenue	415,032	399,433	15,599
Debt Service	138,622	138,622	0
Capital Project	244,189	310,241	(66,052)
Fiduciary	740,700	686,048	54,652
Enterprise	644,136	528,128	116,008
Total	\$ 3,390,020	\$ 3,004,051	\$ 385,969

4. PROPERTY TAX

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

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

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Revenue Anticipation Note	\$ 51,946	4.42%
General Obligation Bonds	450,000	6.10%
Ohio Water Development Authority (OWDA) Loan	74,507	6.40%
Ohio Public Works Commission (OPWC) Loan	11,948	0.00%
Ohio Water Development Authority (OWDA) Loan	1,901	8.38%
Ohio Public Works Commission (OPWC) Loan	114,328	0.00%
Ohio Public Works Commission (OPWC) Loan	201,488	0.00%
Total	\$ 906,118	

The revenue anticipation note was issued in the amount of \$115,950 during 1998 and was used to purchase a fire truck. The note is collateralized by fire levy receipts. This note will be repaid in February 2002.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT OBLIGATIONS (Continued)

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

The Ohio Water Development Authority (OWDA) loans relate to a water system improvement project. The loans are collateralized by water receipts.

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

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

Year ending December 31:	Revenue Anticipation Note	General Obligation Bonds	OWDA Loans	OPWC Loans
2001	\$ 36,121	\$ 61,732	\$ 34,161	\$ 19,112
2002	18,134	59,798	34,161	19,112
2003		62,817	17,081	19,112
2004		60,455		19,112
2005		58,040		19,112
Subsequent		360,240		232,204
Total	<u>\$ 54,255</u>	<u>\$ 663,082</u>	<u>\$ 85,403</u>	<u>\$ 327,764</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers and firefighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% during 1999 and 10.84% during 2000 of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance for all full-time employees.

**VILLAGE OF CARROLLTON
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

8. LANDFILL CLOSURE AND POSTCLOSURE COSTS

The Village landfill was taken over by Carroll County during 1989 and was closed in 1993. State and Federal laws and regulations require that Carroll County perform certain maintenance and monitoring functions at the closed landfill site for thirty years after closure. The Village shares in the estimated liability disclosed. The Village and the County have pending negotiations regarding the Village's share of the liability. The estimated liability for the landfill is \$2,363,000 for closure costs and \$1,172,500 for postclosure costs. The estimated cost of landfill closure and postclosure care expenses is based on the amount that would be paid if all materials and services required to monitor and maintain the closed landfill were acquired as of December 31, 2000. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The County and the Village have not yet agreed on the proportion of the liability for which the Village is responsible and an estimate is not currently determinable. As of the date of this report, the Village does not have a comprehensive plan for retiring this liability and is considering its options.

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

Village of Carrollton
Carroll County
80 Second Street SW
Carrollton, Ohio 44615-1539

To the Village Council:

We have audited the accompanying financial statements of the Village of Carrollton, Carroll County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 12, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-31210-001. We also noted an immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated July 12, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 12, 2001.

Village of Carrollton
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Report of Independent Accountants on Compliance and on Internal Control
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This report is intended for the information and use of management and Village Council and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 12, 2001

VILLAGE OF CARROLLTON
CARROLL COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-31210-001

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer issues a certificate, but may authorize it to be paid without the affirmation of Council.

Of the liabilities, contracts, or open purchase commitments tested 20% in fiscal year 2000 and 30% in fiscal year 1999 were not certified by the fiscal officer prior to the purchase and were not certified encumbered until the time of payment and neither of the exceptions available to the Village was used.

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. The Village should obtain approved purchase orders which include the fiscal officer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making a commitment.



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OFFICE OF THE AUDITOR

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VILLAGE OF CARROLLTON

CARROLL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 6, 2001**