



**VILLAGE OF CAREY  
WYANDOT COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**



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

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**STATE OF OHIO**



VILLAGE OF CAREY  
WYANDOT COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Carey  
Wyandot County  
127 North Vance Street  
Carey, Ohio 43316

To the Village Council:

We have audited the accompanying financial statements of the Village of Carey, Wyandot County, Ohio, (the Village) as of and for the years ended December 31, 2001, and December 31, 2000. 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001, and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 9, effective in 2000, the Village reclassified assets from the expendable trust and non-expendable trust classification to the special revenue fund classification.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2002, 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 the results of our audit.

This report is intended solely for the information and use of management, the 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

March 11, 2002

VILLAGE OF CAREY  
WYANDOT 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, 2001**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$257,708	\$648,241	\$434,358	\$0	\$0	\$1,340,307
Special Assessments	0	0	0	170	0	170
Intergovernmental Receipts	141,923	125,069	0	90,000	0	356,992
Charges for Services	5,072	49,269	0	0	0	54,341
Fines, Licenses, and Permits	12,728	1,514	0	0	0	14,242
Earnings on Investments	395,529	12,783	0	0	59	408,371
Miscellaneous	52,096	2,513	0	150	0	54,759
Total Cash Receipts	<u>865,056</u>	<u>839,389</u>	<u>434,358</u>	<u>90,320</u>	<u>59</u>	<u>2,229,182</u>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	555,599	3,657	0	0	0	559,256
Public Health Services	22,565	16,018	0	0	0	38,583
Leisure Time Activities	0	62,344	0	0	0	62,344
Community Environment	6,808	0	0	7,670	0	14,478
Basic Utility Services	16,343	0	0	0	0	16,343
Transportation	35,174	95,854	0	0	0	131,028
General Government	219,002	30,250	0	0	7,000	256,252
Debt Service:						
Principal Payments	0	0	84,921	0	0	84,921
Interest Payments	0	0	127,809	0	0	127,809
Capital Outlay	254,456	54,176	0	319,572	3,947	632,151
Total Cash Disbursements	<u>1,109,947</u>	<u>262,299</u>	<u>212,730</u>	<u>327,242</u>	<u>10,947</u>	<u>1,923,165</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(244,891)</u>	<u>577,090</u>	<u>221,628</u>	<u>(236,922)</u>	<u>(10,888)</u>	<u>306,017</u>
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Fixed Assets	15,533	0	0	0	0	15,533
Proceeds of Loan	0	0	0	83,810	0	83,810
Transfers-In	432,000	54,000	0	54,000	15,247	555,247
Transfers-Out	(197,639)	(540,000)	0	0	0	(737,639)
Other Uses	0	(20,403)	(11,515)	0	0	(31,918)
Total Other Financing Receipts/(Disbursements)	<u>249,894</u>	<u>(506,403)</u>	<u>(11,515)</u>	<u>137,810</u>	<u>15,247</u>	<u>(114,967)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,003	70,687	210,113	(99,112)	4,359	191,050
Fund Cash Balances, January 1, 2001	<u>1,495,861</u>	<u>446,659</u>	<u>645,904</u>	<u>735,787</u>	<u>10,521</u>	<u>3,334,732</u>
<b>Fund Cash Balances, December 31, 2001</b>	<b><u>\$1,500,864</u></b>	<b><u>\$517,346</u></b>	<b><u>\$856,017</u></b>	<b><u>\$636,675</u></b>	<b><u>\$14,880</u></b>	<b><u>\$3,525,782</u></b>
Reserves for Encumbrances, December 31, 2001	<u>\$360</u>	<u>\$2,606</u>	<u>\$0</u>	<u>\$147,456</u>	<u>\$0</u>	<u>\$150,422</u>

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

VILLAGE OF CAREY  
WYANDOT COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$4,706,460	\$0	\$0	\$4,706,460
<b>Operating Cash Disbursements:</b>				
Personal Services	820,024	0	0	820,024
Travel Transportation	2,029	0	0	2,029
Contractual Services	3,122,850	0	0	3,122,850
Supplies and Materials	160,981	0	0	160,981
Capital Outlay	452,861	0	0	452,861
Total Operating Cash Disbursements	4,558,745	0	0	4,558,745
Operating Income	147,715	0	0	147,715
<b>Non-Operating Cash Receipts:</b>				
Miscellaneous	16,075	0	0	16,075
<b>Non-Operating Cash Disbursements:</b>				
Other Non-Operating Cash Disbursements	14,964	722	0	15,686
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	148,826	(722)	0	148,104
Transfers-In	187,639	0	0	187,639
Transfers-Out	0	0	(5,247)	(5,247)
Net Cash Receipts Over/(Under) Cash Disbursements	336,465	(722)	(5,247)	330,496
Fund Cash Balances, January 1, 2001	3,891,031	722	5,247	3,897,000
<b>Fund Cash Balances, December 31, 2001</b>	<b>\$4,227,496</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,227,496</b>
Reserve for Encumbrances, December 31, 2001	\$8,346	\$0	\$0	\$8,346

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



VILLAGE OF CAREY  
WYANDOT 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, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$78,472	\$651,008	\$424,969	\$0	\$0	\$1,154,449
Intergovernmental Receipts	175,515	124,279	0	2,000	0	301,794
Special Assessments	0	0	0	170	0	170
Charges for Services	5,129	39,342	0	0	0	44,471
Fines, Licenses, and Permits	18,629	811	0	0	0	19,440
Earnings on Investments	346,909	5,389	0	0	93	352,391
Miscellaneous	25,610	2,086	0	645	0	28,341
<b>Total Cash Receipts</b>	<b>650,264</b>	<b>822,915</b>	<b>424,969</b>	<b>2,815</b>	<b>93</b>	<b>1,901,056</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	495,793	1,009	0	0	0	496,802
Public Health Services	23,876	14,232	0	0	0	38,108
Leisure Time Activities	0	51,788	0	0	0	51,788
Community Environment	831	0	0	0	0	831
Basic Utility Services	16,448	0	0	0	0	16,448
Transportation	3,968	91,995	0	0	0	95,963
General Government	167,455	24,317	0	0	8,000	199,772
Debt Service:						
Principal Payments	0	0	78,827	0	0	78,827
Interest Payments	0	0	133,903	0	0	133,903
Capital Outlay	129,640	46,537	0	26,978	0	203,155
<b>Total Cash Disbursements</b>	<b>838,011</b>	<b>229,878</b>	<b>212,730</b>	<b>26,978</b>	<b>8,000</b>	<b>1,315,597</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(187,747)</b>	<b>593,037</b>	<b>212,239</b>	<b>(24,163)</b>	<b>(7,907)</b>	<b>585,459</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Fixed Assets	8,500	0	0	0	0	8,500
Transfers-In	432,000	54,000	0	54,000	10,000	550,000
Transfers-Out	(10,000)	(540,000)	0	0	0	(550,000)
Other Uses	0	(15,109)	(7,678)	0	0	(22,787)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>430,500</b>	<b>(501,109)</b>	<b>(7,678)</b>	<b>54,000</b>	<b>10,000</b>	<b>(14,287)</b>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	242,753	91,928	204,561	29,837	2,093	571,172
Fund Cash Balances, January 1, 2000 (restated)	1,253,108	354,731	441,343	705,950	8,428	2,763,560
<b>Fund Cash Balances, December 31, 2000</b>	<b>\$1,495,861</b>	<b>\$446,659</b>	<b>\$645,904</b>	<b>\$735,787</b>	<b>\$10,521</b>	<b>\$3,334,732</b>
Reserves for Encumbrances, December 31, 2000	\$2,258	\$825	\$0	\$0	\$0	\$3,083

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

VILLAGE OF CAREY  
WYANDOT COUNTY

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

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$4,562,458	\$0	\$0	\$4,562,458
<b>Operating Cash Disbursements:</b>				
Personal Services	705,575	0	0	705,575
Travel Transportation	1,595	0	0	1,595
Contractual Services	2,845,380	0	0	2,845,380
Supplies and Materials	119,761	0	0	119,761
Capital Outlay	194,208	0	0	194,208
Total Operating Cash Disbursements	3,866,519	0	0	3,866,519
Operating Income	695,939	0	0	695,939
<b>Non-Operating Cash Receipts:</b>				
Miscellaneous	20,150	0	0	20,150
<b>Non-Operating Cash Disbursements:</b>				
Other Non-Operating Cash Disbursements	18,543	0	0	18,543
Net Cash Receipts Over Cash Disbursements	697,546	0	0	697,546
Fund Cash Balances, January 1, 2000 (restated)	3,193,485	722	5,247	3,199,454
<b>Fund Cash Balances, December 31, 2000</b>	<b>\$3,891,031</b>	<b>\$722</b>	<b>\$5,247</b>	<b>\$3,897,000</b>
Reserve for Encumbrances, December 31, 2000	\$54,484	\$0	\$0	\$54,484

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

**VILLAGE OF CAREY  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Carey, Wyandot County, Ohio (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 government services, including water, sewer, and electric utilities; park operations (leisure time activities); and police and fire services. The Village contracts with Wyandot County to provide ambulance services.

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**

Investments are included in fund cash balances. 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.

Certificates of deposit are valued at cost.

**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 Funds**

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 Funds:

VILLAGE OF CAREY  
WYANDOT COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

**Parks and Recreation Fund** - This fund receives income tax revenue and fees from the swimming pool to fund the operation and maintenance of the swimming pool and park.

**Income Tax Fund** - This fund receives income tax revenue which is first used to cover the cost to allocate this tax, and is then allocated among the General Fund, Capital Improvement Fund, and Parks and Recreation Fund.

3. Debt Service Fund

The Sewer Debt Service Fund receives revenue from a ½% income tax to pay off long-term loans obtained for the improvement of the Village's sewer system.

4. Capital Projects Funds

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 Projects Funds:

*Capital Improvement Fund* - This fund receives income tax revenue to fund any capital improvements for the Village.

*Water Capital Improvement Fund* - This fund accumulates resources to fund any capital improvements to the Village's waterline system.

*Sewer Capital Improvement Fund* - This fund accumulates resources to fund any capital improvements to the Village's sewer system.

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 Fund:

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

VILLAGE OF CAREY  
WYANDOT COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

6. Fiduciary Funds (Trust 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. The Village had the following significant Fiduciary Fund:

*Tree Commission Fund* - This fund accumulates resources to maintain trees and shrubbery located along Village streets, in the park, and in other public areas.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

**VILLAGE OF CAREY  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**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 at December 31 was as follows:

	2001	2000
Deposits	\$ 7,746,880	\$ 6,017,334
Certificates of deposit	6,398	1,214,398
Total deposits	\$7,753,278	\$7,231,732

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001, and December 31, 2000 follows:

<b>2001 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,029,950	\$1,312,589	\$282,639
Special Revenue	872,600	893,389	20,789
Debt Service	422,000	434,358	12,358
Capital Projects	1,540,750	228,130	(1,312,620)
Enterprise	4,682,300	4,910,174	227,874
Internal Service	1,000	0	(1,000)
Expendable Trust	10,220	15,306	5,086
Non-Expendable Trust	0	0	0
Total	\$8,558,820	\$7,793,946	(\$764,874)

<b>2001 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,116,310	\$1,307,946	\$808,364
Special Revenue	997,086	825,308	171,778
Debt Service	300,000	224,245	75,755
Capital Projects	1,679,863	474,698	1,205,165
Enterprise	6,846,100	4,582,055	2,264,045
Internal Service	722	722	0
Expendable Trust	14,047	10,947	3,100
Non-Expendable Trust	5,247	5,247	0
Total	\$11,959,375	\$7,431,168	\$4,528,207

**VILLAGE OF CAREY  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>2000 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$964,500	\$1,090,764	\$126,264
Special Revenue	871,600	876,915	5,315
Debt Service	416,900	424,969	8,069
Capital Projects	1,445,700	56,815	(1,388,885)
Enterprise	4,570,400	4,582,608	12,208
Internal Service	1,000	0	(1,000)
Expendable Trust	10,220	10,093	(127)
Non-Expendable Trust	1,500	0	(1,500)
Total	\$8,281,820	\$7,042,164	(\$1,239,656)

<b>2000 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,646,150	\$850,269	\$795,881
Special Revenue	912,870	785,812	127,058
Debt Service	266,000	220,408	45,592
Capital Projects	1,549,765	26,978	1,522,787
Enterprise	6,292,500	3,939,546	2,352,954
Internal Service	1,000	0	1,000
Expendable Trust	13,600	8,000	5,600
Non-Expendable Trust	0	0	0
Total	\$10,681,885	\$5,831,013	\$4,850,872

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, 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.

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.

**VILLAGE OF CAREY  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.5% 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.

**6. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan - 1	\$899,235	8.26%
Ohio Water Development Authority Loan - 2	660,542	7.11%
Total	\$1,559,777	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA approved \$2,318,480 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$106,365, including interest, over 25 years. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Year ending December 31:	OWDA Loan - 1	OWDA Loan - 2
2002	\$124,158	\$88,573
2003	124,158	88,573
2004	124,158	88,573
2005	124,158	88,573
2006	124,158	88,573
2007 – 2013	807,023	531,438
Total	\$1,427,813	\$974,303

The Village entered into a Project Loan Agreement in 2000 with the Ohio Public Works Commission (OPWC), in which the OPWC is making project expenditures on behalf of the Village for a sanitary sewer overflow elimination project. Once the project is completed, the OPWC will provide the Village with a final payment schedule, based on the project completion date and actual funds disbursed by the OPWC on behalf of the Village. The Village will then make semi-annual loan payments for 15 years, at an annual interest rate of 2%. As of December 31, 2001, the OPWC has disbursed \$83,810 on behalf of the Village for this project.



**VILLAGE OF CAREY  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. DEBT (Continued)**

The Village also entered into a Waterline Extension Project Agreement with the Water and Sewer Commission, whereby the Commission advanced \$90,000 to the Village for an indefinite term, beginning November 30, 2001. The purpose of this agreement is to promote the development of the Village by providing utility service to undeveloped property located in certain agricultural districts within the Village. Repayment of the amount advanced will be determined by the date on which the use of the such property has been changed pursuant to Ohio Rev. Code Section 929.03(D). The Village shall, upon such change of use, collect from the property owner an assessment for the portion of changed property, and make repayment to the Commission the full amount of the assessment.

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries. PERS temporarily reduced employer contributions to 8.13%, effective July 1, 2000 to December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**8. RISK MANAGEMENT**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31, which is the latest information available:

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	<u>3,863,373</u>	<u>3,461,914</u>
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$ 689,536</u>

**VILLAGE OF CAREY  
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

The Village also provides health, dental, and life insurance to full-time employees through a private carrier.

**9. FUND RECLASSIFICATIONS**

Fund reclassifications are required for the Village's Income Tax Fund and Cemetery Endowment Fund to properly reflect their intended purposes. The Income Tax Fund was previously included in the expendable trust fund type, and the Cemetery Endowment Fund was previously included in the non-expendable trust fund type. These funds should be reported as part of the special revenue fund type. The effect of these fund reclassifications on beginning fund cash balances reported as of January 1, 2000 is as follows:

	Special Revenue Fund	Expendable Trust Fund	Non- Expendable Trust Fund
Fund cash balances as previously reported	\$181,699	\$119,799	\$66,908
Fund reclassifications	173,032	(111,371)	(61,661)
Restated fund cash balances at January 1, 2000	<u>\$354,731</u>	<u>\$8,428</u>	<u>\$5,247</u>

The reclassifications had the following effect on the excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements and net cash receipts over/(under) cash disbursements as previously reported for the fiscal year ended December 31, 1999:

	Special Revenue Fund	Expendable Trust Fund	Non- Expendable Trust Fund
Excess as previously reported	\$33,267	\$64,448	\$1,475
Fund reclassifications	66,678	(65,203)	(1,475)
Restated amount for the year ended 12/31/99	<u>\$99,945</u>	<u>(\$755)</u>	<u>\$0</u>

**10. FUND ELIMINATION**

On November 5, 2001, the Village requested and received authority from the attorney for the trust to eliminate the McDaniel Non-Expendable Trust Fund, due to this fund becoming financially ineffective. The balance of this fund in the amount of \$5,247 was transferred to the Tree Commission Fund, specifically for the purchase of new trees, which is a use similar in nature to the original trust agreement.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Village of Carey  
Wyandot County  
127 North Vance Street  
Carey, Ohio 43316

To the Village Council:

We have audited the accompanying financial statements of the Village of Carey, Wyandot County, Ohio (the Village), as of and for the years ended December 31, 2001, and December 31, 2000, wherein we noted that the Village reclassified certain assets to the special revenue fund type, and have issued our report thereon dated March 11, 2002. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 11, 2002.

**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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 11, 2002.

This report is intended solely for the information and use of management and the 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

March 11, 2002

**VILLAGE OF CAREY  
WYANDOT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
1999-30288-001	Ohio Rev. Code Section 5705.41(D), failure to certify funds	No	Partially corrected. Citation is included in the management letter.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF CAREY**

**WYANDOT 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  
APRIL 18, 2002**