



**CARROLL TOWNSHIP
OTTAWA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023-2022

**CARROLL TOWNSHIP
OTTAWA COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Carroll Township
Ottawa County
11080 West Toussaint East Road
Oak Harbor, Ohio 43449-8820

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Carroll Township, Ottawa County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental 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 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 Township, as of December 31, 2023 and 2022, or the changes in financial position 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 Township, 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 Township 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 Township'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 *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 Township'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 Township'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 January 21, 2025, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 Township'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 Township's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

January 21, 2025

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Carroll Township
Ottawa 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>Combined Total</u>
Cash Receipts				
Property and Other Local Taxes	\$ 650,959	\$ 640,669		\$ 1,291,628
Charges for Services		64,456		64,456
Licenses, Permits and Fees	10,820	2,545		13,365
Fines and Forfeitures		1,031		1,031
Intergovernmental	388,236	279,760	\$ 94,856	762,852
Special Assessments		7,670		7,670
Earnings on Investments	243,036	18,514		261,550
Miscellaneous	38,463	18,644		57,107
<i>Total Cash Receipts</i>	<u>1,331,514</u>	<u>1,033,289</u>	<u>94,856</u>	<u>2,459,659</u>
Cash Disbursements				
Current:				
General Government	395,115	158,232		553,347
Public Safety	243,178	606,479		849,657
Public Works	1,809	584,893		586,702
Health	36,278	6,706		42,984
Conservation-Recreation	662			662
Capital Outlay	4,488	46,349	217,426	268,263
Debt Service:				
Principal Retirement		9,256	97,011	106,267
<i>Total Cash Disbursements</i>	<u>681,530</u>	<u>1,411,915</u>	<u>314,437</u>	<u>2,407,882</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>649,984</u>	<u>(378,626)</u>	<u>(219,581)</u>	<u>51,777</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds			107,293	107,293
Sale of Capital Assets			3,698	3,698
Transfers In		200,000		200,000
Transfers Out	(200,000)			(200,000)
Other Financing Uses	(612)			(612)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(200,612)</u>	<u>200,000</u>	<u>110,991</u>	<u>110,379</u>
<i>Net Change in Fund Cash Balances</i>	449,372	(178,626)	(108,590)	162,156
<i>Fund Cash Balances, January 1</i>	<u>2,616,106</u>	<u>1,777,194</u>	<u>512,925</u>	<u>4,906,225</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,065,478</u>	<u>\$ 1,598,568</u>	<u>\$ 404,335</u>	<u>\$ 5,068,381</u>

See accompanying notes to the financial statements

Carroll Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Carroll Township, Ottawa County, Ohio (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services, and general government services. Township contracts with Mid-County Joint Ambulance District to provide ambulance services.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The Township 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 Township 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 Township 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 capital projects. The Township had the following significant Special Revenue Funds:

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

Police Levy Fund The Police Levy Fund receives property tax money for police protection services.

Capital Projects 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 Township had the following significant Capital Projects Funds:

Carroll Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Permanent Improvement Fund The Permanent Improvement Fund receives General Fund transfers and proceeds from the sale of capital assets for capital related expenditures.

Miscellaneous Capital Projects Fund The Miscellaneous Capital Projects Fund received a loan for the purchase of equipment.

Public Works Commission - Project Bier Fund The Township received a grant and loan from the state for capital improvements. The proceeds are restricted for capital improvement.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(C) permit.

Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

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

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 Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township's investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Carroll Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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 Township 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 12.

Carroll Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,300,300	\$1,331,514	\$31,214
Special Revenue	1,352,550	1,233,289	(119,261)
Capital Projects	101,000	205,847	104,847
Total	<u>\$2,753,850</u>	<u>\$2,770,650</u>	<u>\$16,800</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,208,150	\$906,080	\$302,070
Special Revenue	2,210,060	1,617,448	592,612
Capital Projects	519,345	462,809	56,536
Total	<u>\$3,937,555</u>	<u>\$2,986,337</u>	<u>\$951,218</u>

Note 4 - Deposits and Investments

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

	2023
<i>Cash Management Pool (the Pool):</i>	
Demand deposits	\$308,153
STAR Ohio	4,760,228
<i>Total carrying amount of deposits and investments held in the Pool</i>	<u><u>\$5,068,381</u></u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit 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.

Carroll Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Investments

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

Note 5 - Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 Township.

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

Note 6 - Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2023</u>
Cash and investments	\$33,494,457
Actuarial liabilities	\$10,885,549

Carroll Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township's full-time certified police officers belong to the Ohio Public Employees Retirement System - Law Enforcement (OPERS - LE). Other employees belong to the Ohio Public Employees Retirement System (OPERS - G). OPERS is a cost-sharing, multiple-employer plan.

The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS - LE members contributed 13 percent of their gross salaries, and the Township contributed an amount equaling 18.1 percent of participants' gross salaries. OPERS - G members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of the participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

Social Security

Other Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The employees contributed 6.2 percent of their gross salary. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

Note 8 - Postemployment Benefits

OPERS offers 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. 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.

Carroll Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 - Debt

Debt outstanding at December 31, 2023 was as follows:

	Principal	Interest Rate
OPWC Loan #CE46Q	\$485	0%
OPWC Loan #CE41T	28,324	0%
OPWC Loan #CE02Z	10,280	0%
Total	<u>\$39,089</u>	

Ohio Public Works Commission (OPWC) Loan #CE46Q relates to a joint road resurfacing project between Carroll, Allen, and Benton townships. The amount disclosed above represents Carroll Township's portion of the outstanding loan amount. The loan will be repaid in semiannual installments of \$1,087 through the year 2023. OPWC loan #CE41T relates to a joint road resurfacing project between Carroll and Danbury townships. The amount disclosed above represents Carroll Township's portion of the outstanding loan amount. The loan will be repaid in semiannual installments of \$3,540 through the year 2027. OPWC loan CE02Z relates to a joint road resurfacing project between Carroll, Allen, and Salem townships. The amount disclosed above represents Carroll Township's portion of the outstanding loan amount. The loan will be repaid in semiannual installments of \$514 through the year 2034.

During 2023 the Township obtained a \$97,011 installment loan from a local bank. There is no provision in the Ohio Revised Code for the Township to enter into this type of debt. The Township subsequently repaid the loan in full during 2023.

Amortization

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OPWC Loans
2024	\$8,079
2025	8,108
2026	8,108
2027	8,108
2028	1,032
2029 - 2033	5,140
2034	514
Total	<u>\$39,089</u>

Note 10 - Outstanding Loan Receivable

The Township entered into a loan agreement with the Carroll Water and Sewer District (the District) in accordance with the Ohio Rev. Code Sections 505.705 and 6119.04. The agreement has provided that the Township could loan funds to the District to be used for the construction of the water and sewer facilities. The Township does not assess interest on this loan. As of December 31, 2023, the outstanding receivable owed to the Township totaled \$1,677,870.

Carroll Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 - Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding 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 - Fund Balances

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Outstanding Encumbrances	<u>\$23,938</u>	<u>\$205,533</u>	<u>\$148,372</u>	<u>\$377,843</u>

The fund balance of Special Revenue funds is either restricted or committed. The fund balance of Capital Projects funds is restricted, committed, or assigned. These restricted, committed, and assigned amounts in the Special Revenue and Capital Projects funds would including the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Carroll Township
Ottawa 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	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 642,010	\$ 640,879		\$ 1,282,889
Charges for Services		43,285		43,285
Licenses, Permits and Fees	11,520	6,360		17,880
Fines and Forfeitures		1,131		1,131
Intergovernmental	442,642	374,936		817,578
Special Assessments		7,520		7,520
Earnings on Investments	73,887	6,228		80,115
Miscellaneous	36,548	37,809		74,357
<i>Total Cash Receipts</i>	<u>1,206,607</u>	<u>1,118,148</u>		<u>2,324,755</u>
Cash Disbursements				
Current:				
General Government	389,017	94,490		483,507
Public Safety	334,128	546,282		880,410
Public Works	1,220	446,701		447,921
Health	63,532	3,501		67,033
Conservation-Recreation	250			250
Capital Outlay		8,720	\$ 2,400	11,120
Debt Service:				
Principal Retirement		27,399		27,399
<i>Total Cash Disbursements</i>	<u>788,147</u>	<u>1,127,093</u>	<u>2,400</u>	<u>1,917,640</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>418,460</u>	<u>(8,945)</u>	<u>(2,400)</u>	<u>407,115</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets			2,500	2,500
Transfers In		200,000		200,000
Transfers Out	(200,000)			(200,000)
Advances In	6,070			6,070
Advances Out		(6,070)		(6,070)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(193,930)</u>	<u>193,930</u>	<u>2,500</u>	<u>2,500</u>
<i>Net Change in Fund Cash Balances</i>	<u>224,530</u>	<u>184,985</u>	<u>100</u>	<u>409,615</u>
<i>Fund Cash Balances, January 1</i>	<u>2,391,576</u>	<u>1,592,209</u>	<u>512,825</u>	<u>4,496,610</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,616,106</u>	<u>\$ 1,777,194</u>	<u>\$ 512,925</u>	<u>\$ 4,906,225</u>

See accompanying notes to the financial statements

Carroll Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 - Reporting Entity

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Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The Township 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 Township 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 Township 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 capital projects. The Township had the following significant Special Revenue Funds:

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

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Capital Projects 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 Township had the following significant Capital Projects Fund:

Permanent Improvement Fund The Permanent Improvement Fund receives General Fund transfers and proceeds from the sale of capital assets for capital related expenditures.

Carroll Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(C) permit.

Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

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

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 Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township's investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Carroll Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Accumulated Leave

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

Fund Balance

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

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

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

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 Township 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 12.

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2022 follows:

Carroll Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2022

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,154,400	\$1,212,677	\$58,277
Special Revenue	1,098,817	1,318,148	219,331
Capital Projects	1,000	2,500	1,500
Total	<u>\$2,254,217</u>	<u>\$2,533,325</u>	<u>\$279,108</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,315,816	\$1,005,997	\$309,819
Special Revenue	1,845,968	1,238,121	607,847
Capital Projects	95,000	2,400	92,600
Total	<u>\$3,256,784</u>	<u>\$2,246,518</u>	<u>\$1,010,266</u>

Note 4 - Deposits and Investments

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

	2022
<i>Cash Management Pool (the Pool):</i>	
Demand deposits	\$207,413
STAR Ohio	4,698,812
<i>Total carrying amount of deposits and investments held in the Pool</i>	<u><u>\$4,906,225</u></u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit 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

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

Carroll Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 - Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 Township.

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

Note 6 - Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township's full-time certified police officers belong to the Ohio Public Employees Retirement System - Law Enforcement (OPERS - LE). Other employees belong to the Ohio Public Employees Retirement System (OPERS - G). OPERS is a cost-sharing, multiple-employer plan.

Carroll Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS - LE members contributed 13 percent of their gross salaries, and the Township contributed an amount equaling 18.1 percent of participants' gross salaries. OPERS - G members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of the participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Social Security

Other Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The employees contributed 6.2 percent of their gross salary. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Note 8 - Postemployment Benefits

OPERS offers 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.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed 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.

Note 9 - Debt

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan #CE46Q	\$2,660	0%
OPWC Loan #CE41T	35,403	0%
Total	<u>\$38,063</u>	

Ohio Public Works Commission (OPWC) Loan #CE46Q relates to a joint road resurfacing project between Carroll, Allen, and Benton townships. The amount disclosed above represents Carroll Township's portion of the outstanding loan amount. The loan will be repaid in semiannual installments of \$1,087 through the year 2023.

Carroll Township
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2022

OPWC loan #CE41T relates to a joint road resurfacing project between Carroll and Danbury townships. The amount disclosed above represents Carroll Township's portion of the outstanding loan amount. The loan will be repaid in semiannual installments of \$3,540 through the year 2027.

Amortization

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OPWC Loans
2023	\$9,258
2024	7,565
2025	7,080
2026	7,080
2027	7,080
Total	<u>\$38,063</u>

Note 10 - Outstanding Loan Receivable

The Township entered into a loan agreement with the Carroll Water and Sewer District (the District) in accordance with the Ohio Rev. Code Sections 505.705 and 6119.04. The agreement has provided that the Township could loan funds to the District to be used for the construction of the water and sewer facilities. The Township does not assess interest on this loan. As of December 31, 2022 the outstanding receivable owed to the Township totaled \$1,684,813.

Note 11 - Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding 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 - Fund Balances

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	Total
Outstanding Encumbrances	<u>\$17,850</u>	<u>\$104,958</u>	<u>\$122,808</u>

The fund balance of Special Revenue funds is either restricted or committed. The fund balance of Capital Projects funds is restricted, committed, or assigned. These restricted and committed amounts in the Special Revenue funds would including the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

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

Carroll Township
Ottawa County
11080 West Toussaint East Road
Oak Harbor, Ohio 43449-8820

To the Board of Trustees:

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 fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of Carroll Township, Ottawa County, Ohio (the Township) and have issued our report thereon dated January 21, 2025, wherein we noted the Township 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 Township'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 Township'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 a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-002.

Township's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 21, 2025

**CARROLL TOWNSHIP
OTTAWA COUNTY**

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

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

FINDING NUMBER 2023-001

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 following errors requiring adjustment to the financial statements and notes to the financial statements were identified:

- In 2023, Miscellaneous Capital Projects Fund other debt proceeds receipts in the amount of \$97,011 were incorrectly classified as sale of capital assets receipts;
- In 2023, Miscellaneous Capital Projects Fund principal retirement disbursements in the amount of \$97,011 were incorrectly classified as capital outlay disbursements;
- In 2023, Public Works Commission - Project Bier Fund intergovernmental receipts, other debt proceeds, and capital outlay disbursements were each increased in the amounts of \$94,853, \$10,282, and \$105,135, respectively, in order to properly account for the Township's share of an Ohio Public Works Commission Issue 2 project; and
- In 2023, Public Works Commission - Project Bier Fund budgeted receipts were decreased in the amount \$109,210 in order to bring the amount reported in the Budgetary Activity note to the financial statements in line with the authorized budget amount.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to the Township Board of Trustees making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified misstatements ranging from \$5,034 to \$97,011 that we have brought to the Township's attention.

The Township should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Trustees, to help identify and correct errors and omissions.

Officials' Response:

We will be more careful in the future regarding the posting errors of the rollbacks and OPWC funding.

FINDING NUMBER 2023-002

Noncompliance Citation

Ohio Rev. Code Chapter 133 authorizes certain methods by which subdivisions may incur debt.

Ohio Rev. Code § 133.22: a subdivision may issue anticipatory-securities if it meets the requirements outlined in the statute.

Ohio Rev. Code § 133.10 permits a subdivision to issue anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision.

Ohio Rev. Code § 133.15: a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct.

Ohio Rev. Code § 133.18: the taxing authority of a subdivision, may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

During 2023, the Township made principal payments on an outstanding promissory note in the amount of \$97,011. The promissory note was used by the Township to purchase self-contained breathing apparatus equipment.

This type of debt is not authorized in Ohio Rev. Code Chapter 133. The Township had no statutory authority to incur debt through either installment loans or promissory notes with any banking institutions. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the Township.

The Township should consult with legal counsel before incurring debt to determine if the debt is authorized by statute.

Officials' Response:

Regarding the loan, we were trying to be fiscally responsible and go with the cheaper interest rate.



11080 W Toussaint East Rd
Oak Harbor, OH 43449
419.898.9621

Jordan Moore, Trustee

James Meek, Trustee

Sandra Shearon, Trustee

Tina Biggert, Fiscal Officer

This Institution is an equal opportunity provider and employer.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Finding was first issued in the 2013 and 2012 audit. Material weakness for errors in financial reporting.	Not corrected and reissued as Finding 2023-001 in this report.	This matter is being repeated due to deficiencies in the Township's internal controls over financial reporting. The Fiscal Officer will work to correct the posting errors and omissions.

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OHIO AUDITOR OF STATE KEITH FABER



CARROLL TOWNSHIP

OTTAWA 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 2/4/2025

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