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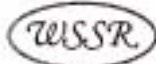
**CARDINGTON TOWNSHIP  
MORROW COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2002 & 2001**

*Whited Seigneur Sams & Rabe, LLP*

CERTIFIED PUBLIC ACCOUNTANTS



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**Auditor of State  
Betty Montgomery**

Board of Trustees  
Cardington Township  
1553 County Road 11  
Cardington, OH 43315

We have reviewed the Independent Auditor's Report of Cardington Township, Morrow County, prepared by Whited Seigneur Sams & Rahe, LLP, for the audit period January 1, 2001 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Cardington Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

June 23, 2003

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**CARDINGTON TOWNSHIP  
MORROW COUNTY, OHIO**

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# Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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June 12, 2003

Board of Trustees  
Cardington Township, Morrow County  
1553 County Road 11  
Cardington, Ohio 43315

## Report of Independent Auditor

We have audited the accompanying financial statements of Cardington Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Cardington Township, Morrow County, Ohio, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 12, 2003 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of audits 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 Board and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**CARDINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Memorandum Only Total</u>
<b>CASH RECEIPTS</b>			
Local Taxes	\$ 23,238	\$ 102,544	\$ 125,782
Intergovernmental	15,233	68,831	84,064
Licenses, Permits and Fees	3,967	0	3,967
Earnings on Investments	2,688	771	3,459
Other Revenue	<u>2,689</u>	<u>0</u>	<u>2,689</u>
<b>TOTAL CASH RECEIPTS</b>	47,815	172,146	219,961
<b>CASH DISBURSEMENTS</b>			
Current:			
General Government	35,120	3,006	38,126
Public Safety	1,674	50,307	51,981
Public Works	15,388	101,826	117,214
Health	399	0	399
Capital Outlay	<u>84</u>	<u>0</u>	<u>84</u>
<b>TOTAL CASH DISBURSEMENTS</b>	<u>52,665</u>	<u>155,139</u>	<u>207,804</u>
<b>TOTAL RECEIPTS OVER/ (UNDER) DISBURSEMENTS</b>	(4,850)	17,007	12,157
Fund Cash Balances, January 1, 2002	<u>100,782</u>	<u>139,689</u>	<u>240,471</u>
Fund Cash Balances, December 31, 2002	<u>\$ 95,932</u>	<u>\$ 156,696</u>	<u>\$ 252,628</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS



**CARDINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>General</u>	<u>Special Revenue</u>	<u>Memorandum Only Total</u>
<b>CASH RECEIPTS</b>			
Local Taxes	\$ 21,763	\$ 104,950	\$ 126,713
Intergovernmental	48,264	68,364	116,628
Licenses, Permits and Fees	4,645	0	4,645
Earnings on Investments	6,086	1,946	8,032
Other Revenue	<u>716</u>	<u>4,751</u>	<u>5,467</u>
<b>TOTAL CASH RECEIPTS</b>	81,474	180,011	261,485
<b>CASH DISBURSEMENTS</b>			
Current:			
General Government	32,726	3,121	35,847
Public Safety	1,591	55,893	57,484
Public Works	9,422	122,946	132,368
Health	<u>378</u>	<u>0</u>	<u>378</u>
<b>TOTAL CASH DISBURSEMENTS</b>	<u>44,117</u>	<u>181,960</u>	<u>226,077</u>
<b>TOTAL RECEIPTS OVER/ (UNDER) DISBURSEMENTS</b>	37,357	(1,949)	35,408
Fund Cash Balances, January 1, 2001	<u>63,425</u>	<u>141,638</u>	<u>205,063</u>
Fund Cash Balances, December 31, 2001	<u>\$ 100,782</u>	<u>\$ 139,689</u>	<u>\$ 240,471</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**CARDINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- **Description of the Entity**

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

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

- **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.

- **Cash and Investments**

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

- **Fund Accounting**

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

- **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.
- **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 Township had the following significant Special Revenue Funds:

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Fire Fund - This fund receives levied monies for the purpose of fire protection.

**CARDINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- **Budgetary Process**

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

- **Appropriations** - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.
- **Estimated Resources** - Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also 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 cancelled and re-appropriated in the subsequent year.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

- **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 AND INVESTMENTS**

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

	2002	2001
Demand deposits	\$ <u>173,993</u>	\$ <u>163,233</u>
Total Deposits	173,993	163,233
 STAR Ohio	<u>78,635</u>	<u>77,238</u>
Total Deposits and Investments	<u>\$ 252,628</u>	<u>\$ 240,471</u>

**Deposits**

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**CARDINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**Investments**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 were as follows:

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 36,220	\$ 47,815	\$ 11,595
Special Revenue	<u>149,650</u>	<u>172,146</u>	<u>22,496</u>
TOTAL	<u>\$ 185,870</u>	<u>\$ 219,961</u>	<u>\$ 34,091</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 116,300	\$ 52,665	\$ 63,635
Special Revenue	<u>273,500</u>	<u>155,139</u>	<u>118,361</u>
TOTAL	<u>\$ 389,800</u>	<u>\$ 207,804</u>	<u>\$ 181,996</u>

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 33,610	\$ 81,474	\$ 47,864
Special Revenue	<u>136,800</u>	<u>180,011</u>	<u>43,211</u>
TOTAL	<u>\$ 170,410</u>	<u>\$ 261,485</u>	<u>\$ 91,075</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 81,700	\$ 44,117	\$ 37,583
Special Revenue	<u>254,600</u>	<u>181,960</u>	<u>72,640</u>
TOTAL	<u>\$ 336,300</u>	<u>\$ 226,077</u>	<u>\$ 110,223</u>

**CARDINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**4. PROPERTY TAX**

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

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

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

**5. RETIREMENT SYSTEMS**

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

PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

**6. RISK MANAGEMENT**

The Township has obtained insurance for the following risks:

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

The Township also provides health insurance coverage to employees through a private carrier and reimburses officials for payments of health insurance premiums.

# Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Jerry B. Whited, CPA  
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June 12, 2003

Board of Trustees  
Cardington Township  
Morrow County  
1553 County Road 11  
Cardington, Ohio 43315

## **Report on Compliance and on Internal Control Required by *Government Auditing Standards***

We have audited the accompanying financial statements of Cardington Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 12, 2003. We conducted our audits 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 Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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 immaterial instances of noncompliance that we reported to management of the Township in a separate letter dated June 12, 2003.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 12, 2003.

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP



**Auditor of State  
Betty Montgomery**

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Facsimile 614-466-4490

**CARDINGTON TOWNSHIP**

**MORROW 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  
JULY 3, 2003**