

**CLARIDON TOWNSHIP**  
**COLUMBUS REGION, MARION COUNTY**  
REPORT ON FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Claridon Township, Marion County  
382 Caledonia - Ashley Rd. N.  
Caledonia, OH 43314

We have reviewed the *Independent Auditors' Report* of Claridon Township, Marion County, prepared by Holbrook & Manter, CPAs, for the audit period January 1, 2003 through December 31, 2004. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. Claridon Township, Marion County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

October 26, 2005

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Claridon Township  
Marion County

We have audited the accompanying financial statements of Claridon Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003. 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 has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Claridon Township, Marion County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Government has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2005 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Certified Public Accountants

September 28, 2005

**CLARIDON TOWNSHIP  
MARION COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Governmental Funds</u>			<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash receipts:-</b>				
Local taxes	\$ 134,912	\$ 0	\$ 0	\$ 134,912
Intergovernmental	64,269	73,389	72,696	210,354
Interest	11,456	3,792	0	15,248
Fines, licenses, and permits	5,235	23,011	0	28,246
Miscellaneous	250	14,099	0	14,349
<b>Total cash receipts</b>	<b>216,122</b>	<b>114,291</b>	<b>72,696</b>	<b>403,109</b>
<b>Cash disbursements:-</b>				
Current:				
General government	120,854	0	0	120,854
Public health services	4,409	48,246	0	52,655
Public works	1,476	100,717	0	102,193
Capital outlay	17,334	21,288	40,644	79,266
<b>Total cash disbursements</b>	<b>144,073</b>	<b>170,251</b>	<b>40,644</b>	<b>354,968</b>
<b>Total receipts over (under) cash disbursements</b>	<b>72,049</b>	<b>( 55,960)</b>	<b>32,052</b>	<b>48,141</b>
<b>Other financing receipts (disbursements):-</b>				
Transfers-in	0	29,900	0	29,900
Transfers-out	( 29,900)	0	0	( 29,900)
Other financing sources	387	0	0	387
Total other financing receipts (disbursements)	( 29,513)	29,900	0	387
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	42,536	( 26,060)	32,052	48,528
Fund cash balances, January 1, 2004	528,824	163,734	1,225	693,783
<b>Fund cash balances, December 31, 2004</b>	<b>\$ 571,360</b>	<b>\$ 137,674</b>	<b>\$ 33,277</b>	<b>\$ 742,311</b>

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



**CLARIDON TOWNSHIP  
MARION COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Governmental Funds</u>			<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash receipts:-</b>				
Local taxes	\$ 138,180	\$ 0	\$ 0	\$ 138,180
Intergovernmental	93,510	60,277	150,246	304,033
Interest	12,772	4,578	0	17,350
Fines, licenses, and permits	1,708	18,232	0	19,940
Miscellaneous	30	9,015	0	9,045
	<u>246,200</u>	<u>92,102</u>	<u>150,246</u>	<u>488,548</u>
<b>Total cash receipts</b>	246,200	92,102	150,246	488,548
<b>Cash disbursements:</b>				
Current:				
General government	112,568	0	0	112,568
Public health services	2,970	53,853	0	56,823
Public works	1,453	61,467	0	62,920
Capital outlay	8,485	26,540	163,281	198,306
	<u>125,476</u>	<u>141,860</u>	<u>163,281</u>	<u>430,617</u>
<b>Total cash disbursements</b>	125,476	141,860	163,281	430,617
<b>Total receipts over (under) cash disbursements</b>	120,724	( 49,758)	( 13,035)	57,931
<b>Other financing receipts (disbursements):-</b>				
Transfers-out	( 15,000)	0	0	( 15,000)
Transfers-in	0	15,000	0	15,000
Advances-out	( 20,681)	0	( 20,681)	( 41,362)
Advances-in	20,681	0	20,681	41,362
Other financing sources	1,024	0	0	1,024
	<u>( 13,976)</u>	<u>15,000</u>	<u>0</u>	<u>1,024</u>
<b>Total other financing receipts (disbursements)</b>	( 13,976)	15,000	0	1,024
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	106,748	( 34,758)	( 13,035)	58,955
Fund cash balances, January 1, 2003	<u>422,076</u>	<u>198,492</u>	<u>14,260</u>	<u>634,828</u>
Fund cash balances, December 31, 2003	<u>\$ 528,824</u>	<u>\$ 163,734</u>	<u>\$ 1,225</u>	<u>\$ 693,783</u>
<b>Reserve for Encumbrances, December 31, 2003</b>	<u>\$ 9,996</u>	<u>\$ 5,044</u>	<u>\$ 0</u>	<u>\$ 15,040</u>

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

**CLARIDON TOWNSHIP**  
**MARION COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-**

**Description of the Entity** - Claridon Township, Marion County, (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 three publicly - elected Trustees. The Township provides road maintenance and repair, and cemetery maintenance.

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 of Ohio, 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 of Ohio.

**Cash and Investments** - Certificates of deposit are valued at cost.

**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 by law or contract to be restricted.

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:

*Gasoline Tax Fund*

This fund receives gasoline tax money for constructing, maintaining, and repairing township roads.

*Cemetery Fund*

This fund receives fees for cemetery services and sales of cemetery lots.

*Motor Vehicle License Tax Fund*

This fund receives motor vehicle tax money for constructing, maintaining, and repairing township roads.

Capital Projects Fund

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

*Brocklesby Road Fund*

This fund received money from the Ohio Public Works Commission (OPWC) for a road-widening project.

**CLARIDON TOWNSHIP  
MARION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**NOTE 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 or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The Marion 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 Marion County Budget Commission must also approve estimated resources.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made.

A summary of 2004 and 2003 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.

**NOTE 2 - EQUITY IN POOLED CASH:-**

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

	<b>2004</b>	<b>2003</b>
Demand Deposits	\$ 362,496	\$ 327,429
Certificates of Deposit	379,815	366,354
Total Deposits	\$ 742,311	\$ 693,783

**Deposits** - The Township's deposits are insured by the Federal Depository Insurance Corporation up to \$100,000. As of December 31, 2004 and 2003, deposits over \$100,000 were collateralized by securities specifically held by a financial institution.

**CLARIDON TOWNSHIP**  
**MARION COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003

**NOTE 3 - BUDGETARY ACTIVITY:-**

Budgetary activity for the year ending December 31, 2004 was as follows:

**2004 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 141,788	\$ 216,509	\$ 74,721
Special Revenue	123,490	144,191	20,701
Capital Projects	<u>0</u>	<u>72,696</u>	<u>72,696</u>
Total	<u>\$ 265,278</u>	<u>\$ 433,396</u>	<u>\$ 168,118</u>

**2004 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 194,023	\$ 173,973	\$ 20,050
Special Revenue	188,019	170,251	17,768
Capital Projects	<u>103,661</u>	<u>40,644</u>	<u>63,017</u>
Total	<u>\$ 485,703</u>	<u>\$ 384,868</u>	<u>\$ 100,835</u>

**CLARIDON TOWNSHIP**  
**MARION COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003

**NOTE 3 - BUDGETARY ACTIVITY:-** (continued)

Budgetary activity for the year ending December 31, 2003 was as follows:

**2003 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 141,913	\$ 267,905	\$ 125,992
Special Revenue	122,241	107,102	( 15,139)
Capital Projects	<u>163,281</u>	<u>170,927</u>	<u>7,646</u>
Total	\$ <u><u>427,435</u></u>	\$ <u><u>545,934</u></u>	\$ <u><u>118,499</u></u>

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 210,843	\$ 171,153	\$ 39,690
Special Revenue	142,464	146,904	( 4,440)
Capital Projects	<u>0</u>	<u>183,962</u>	<u>( 183,962)</u>
Total	\$ <u><u>353,307</u></u>	\$ <u><u>502,019</u></u>	\$ <u><u>( 148,712)</u></u>

Contrary to Ohio law, during 2003, the budgetary expenditures exceeded the appropriation authority in the Brocklesby Road Fund (Capital Projects) and the Cemetery Fund (Special Revenue).

**CLARIDON TOWNSHIP**  
**MARION COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003

**NOTE 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 Marion 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 Marion 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.

**NOTE 5 - RETIREMENT SYSTEMS:-**

The Township's 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2003. The Township has paid all contributions required through December 31, 2004.

**NOTE 6 - RISK POOL MANAGEMENT:-**

The Township has obtained commercial insurance for the following risks:

- General liability and casualty;
- Vehicles; and
- Errors and omissions.



**Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Trustees  
Claridon Township  
Marion County

We have audited the accompanying financial statements of Claridon Township, Marion County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 28, 2005, wherein we noted the Township had followed accounting practices the Auditor of State of Ohio prescribes rather than accounting principles generally accepted in the United States of America. 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, issued by the Comptroller General of the United States' *Government Auditing Standards*.

**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 to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material to the financial statements we audited may occur and not be timely detected by employees when 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. In a separate letter dated September 28, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect 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 or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated September 28, 2005.

We intend this report solely for the information and use of the management and the Township Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads 'Holbrook &amp; Manter' in a cursive script.

Certified Public Accountants

September 28, 2005

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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
OHIO SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**CLARIDON TOWNSHIP  
MARION COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2002-001	Finding for Recovery - The cemetery sexton was paid \$332 in excess of the amounts authorized by the Township Trustees.	Yes	On May 30, 2005, the full amount of \$332 was repaid to the Township





**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140  
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**CLARIDON TOWNSHIP**

**MARION 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  
NOVEMBER 10, 2005**