

VILLAGE OF CARDINGTON
MORROW COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007



Mary Taylor, CPA
Auditor of State

Village Council
Village of Cardington
15 Park Avenue
Cardington, Ohio 43315

We have reviewed the *Independent Auditors' Report* of the Village of Cardington, Morrow County, prepared by Holbrook & Manter, for the audit period January 1, 2007 through December 31, 2008. 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. The Village of Cardington is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 15, 2010

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INDEPENDENT AUDITORS' REPORT

Village Council
Village of Cardington
Morrow County

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Cardington, Morrow County, Ohio, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our 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 2, the Village has prepared these financial statements using the modified cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of December 31, 2008 and 2007, and the respective changes in cash basis financial position and the respective budgetary comparison for the General, Street Construction Maintenance and Repair, Income Tax, and Fire Prevention funds, thereof for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2010 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 6 through 11, is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Shullbrook & Manton

Certified Public Accountants

March 31, 2010

VILLAGE OF CARDINGTON
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED

This discussion and analysis of the Village of Cardington's (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2008 and 2007, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2008 are as follows:

Property receipts for 2008 changed very little compared to 2007 as development within the Village has slowed.

Major construction projects for 2008 included pre-construction planning for phase III water line project. The water line project will run along the South Marion and a part of Midland. The project will utilize funds from the Ohio Public Works Commission.

Key highlights for 2007 are as follows:

Net assets of governmental activities decreased \$75,161, or 5.49 percent, change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Income Tax Fund.

The Government's general receipts are primarily income and property taxes. These receipts represent respectively 41% and 22% percent of the total cash received for governmental activities during the year. Property receipts for 2007 changed very little compared to 2006 as development within the Municipality has slowed. Income tax receipts for tax year 2007 have increased 12.7% over tax year 2006.

Major construction projects for 2007 included pre-construction planning for Heimlich Park. The park project will run along the Whetstone River and will be a focal point for the Village of Cardington. The Village also initiated a major waterline replacement project utilizing funds from the Ohio Public Works Commission, and undertook storm water improvements along Gilead Street.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on the modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

VILLAGE OF CARDINGTON
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2008 and 2007, within the limitations of the modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Government's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Government's financial health. Over time, increases or decreases in the Government's cash position is one indicator of whether the Government's financial health is improving or deteriorating. When evaluating the Government's financial condition, you should also consider other nonfinancial factors as well such as the Government's property tax base, the condition of the Government's capital assets and infrastructure, the extent of the Government's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activities. The Village has two business-type activities, the provision of water and sewer. Business-type activities are financed by user fees charged to the customers receiving the service.

Reporting on the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Government's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Government's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, the Street Construction Maintenance and Repair Fund, the Income Tax Fund, and the Fire Prevention Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

VILLAGE OF CARDINGTON
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Proprietary Funds - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Government has two enterprise funds, the water fund and the sewer fund. When the services are provided to other departments of the Village, the service is reported as an internal service fund. The Village has one internal service fund to account for employee health-care claims.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2008 compared to 2007 on a modified cash basis:

(Table 1)

Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Assets:-						
Cash and cash equivalents	\$ 1,076,919	\$ 1,294,603	\$ 866,241	\$ 666,276	\$ 1,943,160	\$ 1,960,879
Total assets	\$ 1,076,919	\$ 1,294,603	\$ 866,241	\$ 666,276	\$ 1,943,160	\$ 1,960,879
Net Assets:-						
Restricted for:-						
Capital outlay	\$ 0	\$ 49,943	\$ 0	\$ 39,598	\$ 0	\$ 89,541
Other purposes	664,957	811,463	0	0	664,957	811,463
Unrestricted	411,962	433,197	866,241	626,678	1,278,203	1,059,875
Total net assets	\$ 1,076,919	\$ 1,294,603	\$ 866,241	\$ 666,276	\$ 1,943,160	\$ 1,960,879

Net assets of governmental activities decreased \$217,684 or 16.81 percent during 2008 and \$75,161 or 5.49 percent during 2007.

The primary reasons contributing to the decreases in cash balances are as follows:

- Increases in salaries ranging from \$558,066 to \$633,454 based on current legislation.
- The Village had a waterline project financed through The Ohio Public Works Commission for which the Village was responsible for 32% of the total project cost of \$383,132. Ohio Public works Commission grant was for \$299,999. This project was completed during 2009.

Table 2 shows the highlights of the Village's receipts and disbursements. These two main components are subtracted to yield the changes in net assets. Receipts are further divided into two major components: program and general receipts. Program receipts are defined as restricted grant, contributions and interest, and charges for services. General receipts include taxes and unrestricted grants and contributions.

VILLAGE OF CARDINGTON
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED

(Table 2)
Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Receipts:-						
Program Receipts:-						
Charges for services and sales	\$ 32,080	\$ 128,976	\$ 1,044,634	\$ 689,870	\$ 1,076,714	\$ 818,846
Operating grants and contributions	262,390	77,371	303,671	244,179	566,061	321,550
Total program receipts	<u>294,470</u>	<u>206,347</u>	<u>1,348,305</u>	<u>934,049</u>	<u>1,642,775</u>	<u>1,140,396</u>
General Receipts:-						
Property and other local taxes	379,686	381,090	0	0	379,686	381,090
Municipal income taxes	746,463	699,468	0	0	746,463	699,468
Unrestricted grants and entitlements	41,258	78,830	0	0	41,258	78,830
Cable franchise fee	10,268	9,270	0	0	10,268	9,270
Sale of fixed assets	999	0	0	0	999	0
Interest	38,002	66,312	6,811	27,408	44,813	93,720
Debt proceeds	0	205,591	40,472	0	40,472	205,591
Miscellaneous	16,626	11,575	181,995	193,801	198,621	205,376
Total general receipts	<u>1,233,302</u>	<u>1,452,136</u>	<u>229,278</u>	<u>221,209</u>	<u>1,462,580</u>	<u>1,673,345</u>
Total receipts	<u>1,527,772</u>	<u>1,658,483</u>	<u>1,577,583</u>	<u>1,155,258</u>	<u>3,105,355</u>	<u>2,813,741</u>
Disbursements:-						
General government	435,676	409,709	0	0	435,676	409,709
Security of persons and property	482,620	394,416	0	0	482,620	394,416
Public health	1,257	1,300	0	0	1,257	1,300
Leisure time activities	228,102	51,855	0	0	228,102	51,855
Community and economic development	4,123	14,066	0	0	4,123	14,066
Basic utility service	11,660	9,687	0	0	11,660	9,687
Transportation	262,263	302,991	0	0	262,263	302,991
Capital outlay	49,828	311,352	0	0	49,828	311,352
Debt Service:-						
Principal retirement	51,319	39,781	0	0	51,319	39,781
Interest and fiscal charges	12,276	6,313	0	0	12,276	6,313
Water	0	0	676,218	596,098	676,218	596,098
Sewer	0	0	617,247	537,099	617,247	537,099
Cardington Youth Foundation	0	0	559	750	559	750
OPW water dist.upgrade	0	0	328,071	61,761	328,071	61,761
FEMA	0	0	0	0	0	0
Total disbursements	<u>1,539,124</u>	<u>1,541,470</u>	<u>1,622,095</u>	<u>1,195,708</u>	<u>3,161,219</u>	<u>2,737,178</u>
Excess (deficiency) before transfers	(11,352)	117,013	(44,512)	(40,450)	(55,864)	76,563
Other financing sources (uses)	38,145	38,144	0	0	38,145	38,144
Transfers	(244,477)	(230,318)	244,477	230,318	0	0
Increase (decrease) in net assets	(217,684)	(75,161)	199,965	189,868	(17,719)	114,707
Net assets at beginning of year	1,294,603	1,369,764	666,276	476,408	1,960,879	1,846,172
Net assets at end of year	<u>\$ 1,076,919</u>	<u>\$ 1,294,603</u>	<u>\$ 866,241</u>	<u>\$ 666,276</u>	<u>\$ 1,943,160</u>	<u>\$ 1,960,879</u>

VILLAGE OF CARDINGTON
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Government. The next column identifies the costs of providing these services. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General government	\$ 435,676	\$ 435,635	\$ 409,709	\$ 409,634
Security of persons and property	482,620	355,671	394,416	266,376
Public health	1,257	1,172	1,300	1,194
Leisure time activities	228,102	140,121	51,855	51,855
Community and economic development	4,123	4,123	14,066	13,311
Basic utility services	11,660	11,660	9,687	9,687
Transportation	262,263	182,849	302,991	225,620
Capital outlay	49,828	49,828	311,352	311,352
Debt service				
Principal retirement	51,319	51,319	39,781	39,781
Interest and fiscal charges	12,276	12,276	6,313	6,313
Total expenses	\$ 1,539,124	\$ 1,244,654	\$ 1,541,470	\$ 1,335,123

Business-type Activities

There was very little change in the Water Department cost of services from 2007 to 2008. There was a decrease in the Water Department cost of services from 2006 to 2007 which was the result of a capital purchase made in 2006 for the amount of \$86,320 for water tank improvements.

The Village's Funds

Total governmental funds had receipts of \$1,565,917 and disbursements of \$1,539,124 for 2008. Total governmental funds had receipts of \$1,658,483 and disbursements of \$1,541,470 for 2007.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

**VILLAGE OF CARDINGTON
MORROW COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
*UNAUDITED***

During 2007 and 2008, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Debt Administration

Debt

At December 31, 2008, the Government's outstanding debt included \$3,508,766 in general debt obtained from various providers for improvements to buildings and structures in the Village of Cardington, including new debt in 2008 for the purchase of property for the sewer project in the amount of \$40,472. For further information regarding the Government's debt, refer to Note 11 to the basic financial statements.

At December 31, 2007, the Government's outstanding debt included \$3,759,874 in general debt obtained from various providers for improvements to buildings and structures in the Village of Cardington, including new debt in 2007 for a capital lease for a new fire truck in the amount of \$259,185. For further information regarding the Government's debt, refer to Note 11 to the basic financial statements.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and local income tax. We have planned park construction for Heimlich Park and Maxwell Park.

Subsequent to year end, the Village had an additional waterline project (Phase III) financed through the Ohio Public Works Commission. This project was started during 2009 and is projected to be completed during 2010. The final costs associated with this project were undetermined at year end.

The Village also incurred new debt, subsequent to year end, for a new street building located at 120 East Williams Street and for the purchase of a Vector Truck for the street department to work on the water and sewer lines within the Village. This debt totaled approximately \$526,000 for both the building and the truck.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Government's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kathy Belcher, Fiscal Officer, The Village of Cardington, 15 Park Ave., Cardington, Ohio 43315.

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2008

	Governmental Activities	Business-Type Activities	Total Primary Government
ASSETS:-			
Equity in pooled cash and cash equivalents	\$ 1,074,079	\$ 866,241	\$ 1,940,320
Restricted assets - cash equivalents	2,840	0	2,840
Total assets	\$ 1,076,919	\$ 866,241	\$ 1,943,160
 NET ASSETS:-			
Restricted for:-			
Capital outlay	\$ 44,248	\$ 0	\$ 44,248
Other purposes	620,709	0	620,709
Unrestricted	411,962	866,241	1,278,203
Total net assets	\$ 1,076,919	\$ 866,241	\$ 1,943,160

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:-						
General government	\$ 435,676	\$ 41	\$ 0	\$ (435,635)	\$ 0	\$ (435,635)
Security of persons and property	482,620	126,949	0	(355,671)	0	(355,671)
Public health	1,257	85	0	(1,172)	0	(1,172)
Leisure time activities	228,102	0	87,981	(140,121)	0	(140,121)
Community and economic development	4,123	0	0	(4,123)	0	(4,123)
Basic utility services	11,660	0	0	(11,660)	0	(11,660)
Transportation	262,263	0	79,414	(182,849)	0	(182,849)
Capital outlay	49,828	0	0	(49,828)	0	(49,828)
Debt Service:-						
Principal retirement	51,319	0	0	(51,319)	0	(51,319)
Interest and fiscal charges	12,276	0	0	(12,276)	0	(12,276)
Total governmental activities	\$ 1,539,124	\$ 127,075	\$ 167,395	\$ (1,244,654)	\$ 0	\$ (1,244,654)
BUSINESS TYPE ACTIVITIES:-						
Water	\$ 676,218	\$ 461,812	\$ 0	\$ 0	\$ (214,406)	\$ (214,406)
Sewer	617,247	582,822	0	0	(34,425)	(34,425)
Cardington Youth Foundation	559	0	0	0	(559)	(559)
OPW water dist. upgrade	328,071	0	299,998	0	(28,073)	(28,073)
FEMA	0	0	3,673	0	3,673	3,673
Total business-type activities	\$ 1,622,095	\$ 1,044,634	\$ 303,671	\$ 0	\$ (273,790)	\$ (273,790)
Total	\$ 3,161,219	\$ 1,171,709	\$ 471,066	\$ (1,244,654)	\$ (273,790)	\$ (1,518,444)
GENERAL RECEIPTS:-						
Property and other local taxes				\$ 379,686	\$ 0	\$ 379,686
Municipal income taxes				746,463	0	746,463
Grants and entitlements not restricted to specific programs				41,258	0	41,258
Cable franchise fee				10,268	0	10,268
Sale of fixed assets				999	0	999
Investment earnings				38,002	6,811	44,813
Debt proceeds				0	40,472	40,472
Miscellaneous				54,771	181,995	236,766
Total general receipts				1,271,447	229,278	1,500,725
Transfers and Advances				(244,477)	244,477	0
Total general receipts and transfers				1,026,970	473,755	1,500,725
Change in net assets				(217,684)	199,965	(17,719)
Net assets beginning of year				1,294,603	666,276	1,960,879
Net assets at end of year				\$ 1,076,919	\$ 866,241	\$ 1,943,160

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF ASSETS AND FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2008

	<u>General</u>	<u>Street Construction Maintenance and Repair Fund</u>	<u>Income Tax Fund</u>	<u>Fire Prevention Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and cash equivalents	\$ 411,962	\$ 242,829	\$ 165,693	\$ 188,613	\$ 64,982	\$ 1,074,079
Restricted assets - cash equivalents	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,840</u>	<u>2,840</u>
Total Assets	<u>\$ 411,962</u>	<u>\$ 242,829</u>	<u>\$ 165,693</u>	<u>\$ 188,613</u>	<u>\$ 67,822</u>	<u>\$ 1,076,919</u>
Fund Balances						
Reserved and reported in:-						
Reserved for encumbrances	\$ 1,000	\$ 584	\$ 9	\$ 2,911	\$ 0	\$ 4,504
Unreserved and reported in:-						
General Fund	410,962	0	0	0	0	410,962
Special Revenue Funds	0	242,245	165,684	185,702	23,574	617,205
Capital Project Funds	0	0	0	0	44,248	44,248
Debt Service Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total fund balances	<u>\$ 411,962</u>	<u>\$ 242,829</u>	<u>\$ 165,693</u>	<u>\$ 188,613</u>	<u>\$ 67,822</u>	<u>\$ 1,076,919</u>

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	General	Street Construction Maintenance and Repair Fund	Income Tax Fund	Fire Prevention Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS:-						
Property and other local taxes	\$ 300,249	\$ 22,041	\$ 0	\$ 53,943	\$ 3,453	\$ 379,686
Income tax	0	0	746,463	0	0	746,463
Special assessments	85	0	0	0	0	85
Charges for services	41	0	0	94,995	0	95,036
Fine, licenses, and permits	42,222	0	0	0	0	42,222
Intergovernmental	36,995	77,325	0	0	94,334	208,654
Interest	23,484	7,037	2,696	2,833	1,952	38,002
Rent	0	0	0	0	0	0
Contributions and donations	0	0	0	0	0	0
Other	6,545	1,177	0	8,904	0	16,626
Total receipts	409,621	107,580	749,159	160,675	99,739	1,526,774
DISBURSEMENTS:-						
Current:-						
General government	243,237	0	192,439	0	0	435,676
Security of persons and property	395,500	0	0	86,220	900	482,620
Public health	1,257	0	0	0	0	1,257
Leisure time activities	0	0	0	0	228,102	228,102
Community and economic development	4,123	0	0	0	0	4,123
Basic utility services	7,900	0	0	0	3,760	11,660
Transportation	4,623	248,517	0	0	9,123	262,263
Capital outlay	44,158	0	0	0	5,670	49,828
Debt Service:-						
Principal retirement	0	0	0	16,769	34,550	51,319
Interest and fiscal charges	0	0	0	8,681	3,595	12,276
Issuance costs	0	0	0	0	0	0
Total disbursements	700,798	248,517	192,439	111,670	285,700	1,539,124
Excess of receipts over (under) disbursements	(291,177)	(140,937)	556,720	49,005	(185,961)	(12,350)
OTHER FINANCING SOURCES (USES):-						
Other financing sources	0	0	0	0	38,145	38,145
Other financing uses	0	0	0	0	0	0
Sale of capital assets	999	0	0	0	0	999
Advances - in	0	0	30,000	0	30,000	60,000
Advances - out	0	0	(30,000)	0	(30,000)	(60,000)
Transfers - in	268,943	207,960	0	55	86,274	563,232
Transfers - out	0	0	(807,710)	0	0	(807,710)
Total other financing sources (uses)	269,942	207,960	(807,710)	55	124,419	(205,334)
Net change in fund balances	(21,235)	67,023	(250,990)	49,060	(61,542)	(217,684)
Fund balances beginning of year	433,197	175,806	416,683	139,553	129,364	1,294,603
Fund balances end of year	\$ 411,962	\$ 242,829	\$ 165,693	\$ 188,613	\$ 67,822	\$ 1,076,919

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
RECEIPTS:-				
Property and other local taxes	\$ 364,350	\$ 364,350	\$ 300,249	\$ (64,101)
Special assessment	4,000	4,000	85	(3,915)
Charges for services	100	100	41	(59)
Licenses and permits	40,450	40,450	42,222	1,772
Intergovernmental	37,800	37,800	36,995	(805)
Interest	2,400	2,400	23,484	21,084
Rent	0	0	0	0
Other	4,600	4,600	6,545	1,945
Total receipts	453,700	453,700	409,621	(44,079)
DISBURSEMENTS:-				
Current:-				
General government	287,193	287,193	244,237	42,956
Security of persons and property	491,365	491,120	395,500	95,620
Public health	1,300	1,300	1,257	43
Community and economic development	12,530	11,775	4,123	7,652
Basic utility services	7,900	7,900	7,900	0
Transportation	4,700	4,700	4,623	77
Capital outlay	50,300	50,300	44,158	6,142
Dept services	0	0	0	0
Interest and fiscal charges	0	0	0	0
Total disbursements	855,288	854,288	701,798	152,490
Excess of receipts over (under) disbursements	(401,588)	(400,588)	(292,177)	(196,569)
OTHER FINANCING SOURCES (USES):-				
Sale of assets	0	0	999	999
Transfers in	268,822	268,822	268,943	121
Transfers out	0	0	0	0
Other financing sources	0	0	0	0
Total other financing sources (uses)	268,822	268,822	269,942	1,120
Net change in fund balance	(132,766)	(131,766)	(22,235)	(239,528)
Fund balance beginning of year	423,422	423,422	423,422	0
Prior year encumbrances appropriated	9,775	9,775	9,775	0
Fund balance end of year	\$ 300,431	\$ 301,431	\$ 410,962	\$ 109,531

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET CONSTRUCTION MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
RECEIPTS:-				
Property and other local taxes	\$ 26,800	\$ 26,800	\$ 22,041	\$ (4,759)
Intergovernmental	71,300	71,300	77,325	6,025
Interest	10,000	10,000	7,037	(2,963)
Miscellaneous	6,000	6,000	1,177	(4,823)
Total receipts	<u>114,100</u>	<u>114,100</u>	<u>107,580</u>	<u>(6,520)</u>
DISBURSEMENTS:-				
Transportation	468,989	468,989	249,101	219,888
Total disbursements	<u>468,989</u>	<u>468,989</u>	<u>249,101</u>	<u>219,888</u>
Excess of receipts over (under) disbursements	<u>(354,889)</u>	<u>(354,889)</u>	<u>(141,521)</u>	<u>(226,408)</u>
OTHER FINANCING SOURCES (USES):-				
Transfers in	205,748	205,748	207,960	2,212
Transfers out	0	0	0	0
Total other financing sources	<u>205,748</u>	<u>205,748</u>	<u>207,960</u>	<u>2,212</u>
Net change in fund balance	(149,141)	(149,141)	66,439	215,580
Fund balance beginning of year	173,879	173,879	173,879	0
Prior year encumbrances appropriated	1,927	1,927	1,927	0
Fund balance end of year	<u>\$ 26,665</u>	<u>\$ 26,665</u>	<u>\$ 242,245</u>	<u>\$ 215,580</u>

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
INCOME TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
RECEIPTS:-				
Property and other local taxes	\$ 746,184	\$ 746,184	\$ 746,463	\$ 279
Interest	4,000	4,000	2,696	(1,304)
Total receipts	<u>750,184</u>	<u>750,184</u>	<u>749,159</u>	<u>(1,025)</u>
DISBURSEMENTS:-				
General government	203,835	203,835	192,448	11,387
Total disbursements	<u>203,835</u>	<u>203,835</u>	<u>192,448</u>	<u>11,387</u>
Excess of receipts over (under) disbursements	<u>546,349</u>	<u>546,349</u>	<u>556,711</u>	<u>(12,412)</u>
OTHER FINANCING SOURCES (USES):-				
Advance-in	0	0	30,000	30,000
Advance-out	0	0	(30,000)	(30,000)
Transfer-out	(864,250)	(864,250)	(807,710)	56,540
Total other financing sources	<u>(864,250)</u>	<u>(864,250)</u>	<u>(807,710)</u>	<u>56,540</u>
Net change in fund balance	(317,901)	(317,901)	(250,999)	66,902
Fund balance beginning of year	412,556	412,556	412,556	0
Prior year encumbrances appropriated	4,127	4,127	4,127	0
Fund balance end of year	<u>\$ 98,782</u>	<u>\$ 98,782</u>	<u>\$ 165,684</u>	<u>\$ 66,902</u>

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE PREVENTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
RECEIPTS:-				
Property and other local taxes	\$ 84,000	\$ 84,000	\$ 53,943	\$ (30,057)
Charges for services	96,000	96,000	94,995	(1,005)
Earnings on investments	4,000	4,000	2,833	(1,167)
Miscellaneous	<u>0</u>	<u>0</u>	<u>8,904</u>	<u>8,904</u>
Total receipts	<u>184,000</u>	<u>184,000</u>	<u>160,675</u>	<u>(23,325)</u>
DISBURSEMENTS:-				
Security of persons and property	142,986	142,986	89,131	53,855
Principal retirement	0	0	16,769	(16,769)
Interest and fiscal charges	<u>0</u>	<u>0</u>	<u>8,681</u>	<u>(8,681)</u>
Total disbursements	<u>142,986</u>	<u>142,986</u>	<u>114,581</u>	<u>28,405</u>
Excess of receipts over (under) disbursements	<u>41,014</u>	<u>41,014</u>	<u>46,094</u>	<u>(51,730)</u>
OTHER FINANCING SOURCES (USES):-				
Transfers in	<u>0</u>	<u>0</u>	<u>55</u>	<u>55</u>
Total other financing sources	<u>0</u>	<u>0</u>	<u>55</u>	<u>55</u>
Net change in fund balance	41,014	41,014	46,149	5,135
Fund balance beginning of year	137,987	137,987	137,987	0
Prior year encumbrances appropriated	<u>1,566</u>	<u>1,566</u>	<u>1,566</u>	<u>0</u>
Fund balance end of year	<u>\$ 180,567</u>	<u>\$ 180,567</u>	<u>\$ 185,702</u>	<u>\$ 5,135</u>

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF ASSETS AND FUND BALANCES -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
AS OF DECEMBER 31, 2008

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Proprietary Funds</u>
ASSETS:-				
Equity in pooled cash and cash equivalents	\$ 437,362	\$ 384,814	\$ 44,065	\$ 866,241
Total assets	<u>\$ 437,362</u>	<u>\$ 384,814</u>	<u>\$ 44,065</u>	<u>\$ 866,241</u>
NET ASSETS:-				
Unrestricted	\$ 437,362	\$ 384,814	\$ 44,065	\$ 866,241
Total net assets	<u>\$ 437,362</u>	<u>\$ 384,814</u>	<u>\$ 44,065</u>	<u>\$ 866,241</u>

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Other Enterprise Funds</u>	<u>Total Proprietary Funds</u>
OPERATING RECEIPTS:-				
Charges for services	\$ 392,127	\$ 333,669	\$ 0	\$ 725,796
Other operating receipts	<u>178,137</u>	<u>3,123</u>	<u>4,408</u>	<u>185,668</u>
Total operating receipts	<u>570,264</u>	<u>336,792</u>	<u>4,408</u>	<u>911,464</u>
OPERATING DISBURSEMENTS:-				
Operating disbursements:-				
Personal services	133,810	128,083	0	261,893
Employee fringe benefits	61,557	57,965	0	119,522
Contractual services	46,354	80,152	28,632	155,138
Materials and supplies	141,769	48,073	0	189,842
Administrative - water	0	0	0	0
Administration - sanitary sewers and sewage	0	0	0	0
Capital outlay	51,638	116,966	0	168,604
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total operating disbursements	<u>435,128</u>	<u>431,239</u>	<u>28,632</u>	<u>894,999</u>
Operating income (loss)	<u>135,136</u>	<u>(94,447)</u>	<u>(24,224)</u>	<u>16,465</u>
NON-OPERATING RECEIPTS (DISBURSEMENTS):-				
Principal payments	(119,991)	(120,946)	0	(240,937)
Interest and fiscal charges	(121,099)	(65,062)	0	(186,161)
Debt proceeds	0	40,472	0	40,472
Special assessments	69,685	249,153	0	318,838
Earnings on investments	3,665	3,146	0	6,811
Intergovernmental	0	0	299,998	299,998
Capital outlay	<u>0</u>	<u>0</u>	<u>(299,998)</u>	<u>(299,998)</u>
Total non-operating receipts (disbursements)	<u>(167,740)</u>	<u>106,763</u>	<u>0</u>	<u>(60,977)</u>
Other financing sources (uses)				
Transfer out	0	0	(62,052)	(62,052)
Transfers - in	<u>199,084</u>	<u>22,445</u>	<u>85,000</u>	<u>306,529</u>
Total other financing sources (uses)	<u>199,084</u>	<u>22,445</u>	<u>22,948</u>	<u>244,477</u>
Change in net assets	166,480	34,761	(1,276)	199,965
Net assets beginning of year	<u>270,882</u>	<u>350,053</u>	<u>45,341</u>	<u>666,276</u>
Net assets end of year	<u>\$ 437,362</u>	<u>\$ 384,814</u>	<u>\$ 44,065</u>	<u>\$ 866,241</u>

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF ASSETS AND FUND BALANCES -
MODIFIED CASH BASIS - FIDUCIARY FUNDS
AS OF DECEMBER 31, 2008

	<u>Mayor's Court</u>	<u>Total Fiduciary Funds</u>
ASSETS:-		
Equity in pooled cash and cash equivalents	\$ <u>3,332</u>	\$ <u>3,332</u>
Total assets	<u>\$ 3,332</u>	<u>\$ 3,332</u>
 NET ASSETS:-		
Unrestricted	\$ <u>3,332</u>	\$ <u>3,332</u>
Total net assets	<u>\$ 3,332</u>	<u>\$ 3,332</u>

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
ASSETS:-			
Equity in pooled cash and cash equivalents	\$ 1,294,603	\$ 666,276	\$ 1,960,879
Total assets	<u>\$ 1,294,603</u>	<u>\$ 666,276</u>	<u>\$ 1,960,879</u>
 NET ASSETS:-			
Restricted for:-			
Capital outlay	\$ 49,942	\$ 39,598	\$ 89,540
Other purposes	811,464	0	811,464
Unrestricted	<u>433,197</u>	<u>626,678</u>	<u>1,059,875</u>
Total net assets	<u>\$ 1,294,603</u>	<u>\$ 666,276</u>	<u>\$ 1,960,879</u>

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Program Cash Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:-						
General government	\$ 409,709	\$ 75	\$ 0	\$ (409,634)	\$ 0	\$ (409,634)
Security of persons and property	394,416	128,040	0	(266,376)	0	(266,376)
Public health	1,300	106	0	(1,194)	0	(1,194)
Leisure time activities	51,855	0	0	(51,855)	0	(51,855)
Community and economic development	14,066	755	0	(13,311)	0	(13,311)
Basic utility services	9,687	0	0	(9,687)	0	(9,687)
Transportation	302,991	0	77,371	(225,620)	0	(225,620)
Capital outlay	311,352	0	0	(311,352)	0	(311,352)
Debt Service:						
Principal retirement	39,781	0	0	(39,781)	0	(39,781)
Interest and fiscal charges	6,313	0	0	(6,313)	0	(6,313)
Issuance costs	0	0	0	0	0	0
Total governmental activities	<u>\$ 1,541,470</u>	<u>\$ 128,976</u>	<u>\$ 77,371</u>	<u>\$ (1,335,123)</u>	<u>\$ 0</u>	<u>\$ (1,335,123)</u>
BUSINESS TYPE ACTIVITIES:-						
Water operating	\$ 596,098	\$ 355,033	\$ 46,053	\$ 0	\$ (195,012)	\$ (195,012)
Sewer operating	537,099	332,442	198,126	0	(6,531)	(6,531)
Cardington youth foundation	750	2,395	0	0	1,645	1,645
OPW Water Dist. Upgrade Grant	61,761	0	0	0	(61,761)	(61,761)
Total business-type activities	<u>\$ 1,195,708</u>	<u>\$ 689,870</u>	<u>\$ 244,179</u>	<u>\$ 0</u>	<u>\$ (261,659)</u>	<u>\$ (261,659)</u>
Total	<u>\$ 2,737,178</u>	<u>\$ 818,846</u>	<u>\$ 321,550</u>	<u>\$ (1,335,123)</u>	<u>\$ (261,659)</u>	<u>\$ (1,596,782)</u>
GENERAL RECEIPTS:-						
Property and other local taxes				\$ 381,090	\$ 0	\$ 381,090
Municipal income taxes				699,468	0	699,468
Grants and entitlements not restricted to specific programs				78,830	0	78,830
Cable franchise fee				9,270	0	9,270
Investment earnings				66,312	27,408	93,720
Debt proceeds				205,591	0	205,591
Miscellaneous				11,575	193,801	205,376
Total general receipts				1,452,136	221,209	1,673,345
Other Financing Sources				38,144	0	38,144
Transfers				(230,318)	230,318	0
Total receipts and transfers				1,259,962	451,527	1,711,489
Change in net assets				(75,161)	189,868	114,707
Net assets beginning of year				1,369,764	476,408	1,846,172
Net assets at end of year				<u>\$ 1,294,603</u>	<u>\$ 666,276</u>	<u>\$ 1,960,879</u>

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2007

	<u>General</u>	<u>Street Construction Maintenance and Repair Fund</u>	<u>Income Tax</u>	<u>Fire Prevention Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and cash equivalents	\$ 433,197	\$ 175,806	\$ 416,683	\$ 139,553	\$ 129,364	\$ 1,294,603
Total Assets	<u>\$ 433,197</u>	<u>\$ 175,806</u>	<u>\$ 416,683</u>	<u>\$ 139,553</u>	<u>\$ 129,364</u>	<u>\$ 1,294,603</u>
Fund Balances						
Reserved and reported in:-						
Reserved for encumbrances	\$ 9,775	\$ 1,927	\$ 4,127	\$ 1,566	\$ 75	\$ 17,470
Unreserved and reported in:-						
General Fund	423,422	\$ 0	0	0	0	423,422
Special Revenue Funds	0	173,879	412,556	137,987	79,347	803,769
Capital Project Funds	0	0	0	0	49,942	49,942
Total fund balances	<u>\$ 433,197</u>	<u>\$ 175,806</u>	<u>\$ 416,683</u>	<u>\$ 139,553</u>	<u>\$ 129,364</u>	<u>\$ 1,294,603</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CARDINGTON
MORROW COUNTY**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Street Construction Maintenance and Repair Fund	Income Tax Fund	Fire Prevention Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS:-						
Property and other local taxes	\$ 300,331	\$ 23,284	\$ 0	\$ 55,539	\$ 1,936	\$ 381,090
Municipal income tax	0	0	699,468	0	0	699,468
Special assessments	106	0	0	0	0	106
Charges for services	26	0	0	97,923	0	97,949
Fine, licenses, and permits	40,191	0	0	0	0	40,191
Intergovernmental	78,830	71,181	0	0	6,190	156,201
Interest	24,400	10,911	18,556	4,697	7,748	66,312
Other	4,668	6,209	0	0	698	11,575
Total receipts	<u>448,552</u>	<u>111,585</u>	<u>718,024</u>	<u>158,159</u>	<u>16,572</u>	<u>1,452,892</u>
DISBURSEMENTS:-						
Current:-						
General government	221,841	0	187,868	0	0	409,709
Security of persons and property	316,522	0	0	77,833	61	394,416
Public health	1,300	0	0	0	0	1,300
Leisure time activities	0	0	0	0	51,855	51,855
Community and economic development	14,066	0	0	0	0	14,066
Basic utility services	7,901	0	0	0	1,786	9,687
Transportation	4,338	298,408	0	0	245	302,991
Capital outlay	21,656	0	0	284,591	5,105	311,352
Debt Service:						
Principal retirement	7,532	0	0	0	32,249	39,781
Interest and fiscal charges	417	0	0	0	5,896	6,313
Issuance costs	0	0	0	0	0	0
Total disbursements	<u>595,573</u>	<u>298,408</u>	<u>187,868</u>	<u>362,424</u>	<u>97,197</u>	<u>1,541,470</u>
Excess of receipts over (under) disbursements	(147,021)	(186,823)	530,156	(204,265)	(80,625)	(88,578)
OTHER FINANCING SOURCES (USES):-						
Debt proceeds	0	0	0	205,591	0	205,591
Other financing sources	0	0	0	0	38,144	38,144
Transfers - in	262,350	187,857	0	34,107	50,000	534,314
Transfers - out	0	(10,350)	(754,282)	0	0	(764,632)
Total other financing sources (uses)	<u>262,350</u>	<u>177,507</u>	<u>(754,282)</u>	<u>239,698</u>	<u>88,144</u>	<u>13,417</u>
Net change in fund balances	115,329	(9,316)	(224,126)	35,433	7,519	(75,161)
Fund balances beginning of year	317,868	185,122	640,809	104,120	121,845	1,369,764
Fund balances end of year	<u>\$ 433,197</u>	<u>\$ 175,806</u>	<u>\$ 416,683</u>	<u>\$ 139,553</u>	<u>\$ 129,364</u>	<u>\$ 1,294,603</u>

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
RECEIPTS:-				
Property and other local taxes	\$ 364,350	\$ 300,000	\$ 300,331	\$ 331
Special assessment	4,000	7,000	106	(6,894)
Charges for services	100	100	26	(74)
Licenses and permits	40,450	41,800	40,191	(1,609)
Intergovernmental	37,800	36,600	78,830	42,230
Interest	2,400	23,000	24,400	1,400
Other	4,600	800	4,668	3,868
Total receipts	453,700	409,300	448,552	39,252
DISBURSEMENTS:-				
Current:-				
General government	306,158	275,923	229,570	46,353
Security of persons and property	493,150	381,734	318,568	63,166
Public health	1,300	1,300	1,300	0
Community and economic development	17,700	16,368	14,066	2,302
Basic utility services	7,900	7,901	7,901	0
Transportation	4,700	4,700	4,338	362
Capital outlay	65,516	45,000	21,656	23,344
Principal payments	0	0	7,532	(7,532)
Interest and fiscal charges	300	208	417	(209)
Total disbursements	896,724	733,134	605,348	127,786
Excess of receipts over (under) disbursements	(443,024)	(323,834)	(156,796)	(88,534)
OTHER FINANCING SOURCES (USES):-				
Transfers in	286,246	238,000	262,350	24,350
Transfers out	0	0	0	0
Other financing sources	0	700	0	(700)
Total other financing sources	286,246	238,700	262,350	23,650
Net change in fund balance	(156,778)	(85,134)	105,554	190,688
Fund balance beginning of year	302,503	302,503	302,503	0
Prior year encumbrances appropriated	15,365	15,365	15,365	0
Fund balance end of year	\$ 161,090	\$ 232,734	\$ 423,422	\$ 190,688

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET CONSTRUCTION MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
RECEIPTS:-				
Property and other local taxes	\$ 26,800	\$ 23,000	\$ 23,284	\$ 284
Intergovernmental	71,300	62,000	71,181	9,181
Interest	10,000	10,000	10,911	911
Miscellaneous	6,000	5,000	6,209	1,209
Total receipts	<u>114,100</u>	<u>100,000</u>	<u>111,585</u>	<u>11,585</u>
DISBURSEMENTS:-				
Transportation	338,304	447,689	300,335	147,354
Total disbursements	<u>338,304</u>	<u>447,689</u>	<u>300,335</u>	<u>147,354</u>
Excess of receipts over (under) disbursements	<u>(224,204)</u>	<u>(347,689)</u>	<u>(188,750)</u>	<u>(135,769)</u>
OTHER FINANCING SOURCES (USES):-				
Transfers in	190,937	173,757	187,857	14,100
Transfers out	0	(10,350)	(10,350)	0
Total other financing sources	<u>190,937</u>	<u>163,407</u>	<u>177,507</u>	<u>14,100</u>
Net change in fund balance	(33,267)	(184,282)	(11,243)	173,039
Fund balance beginning of year	181,538	181,538	181,538	0
Prior year encumbrances appropriated	3,584	3,584	3,584	0
Fund balance end of year	<u>\$ 151,855</u>	<u>\$ 840</u>	<u>\$ 173,879</u>	<u>\$ 173,039</u>

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
INCOME TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
RECEIPTS:-				
Property and other local taxes	\$ 746,184	\$ 730,000	\$ 699,468	\$ (30,532)
Interest	<u>20,000</u>	<u>20,000</u>	<u>18,556</u>	<u>(1,444)</u>
Total receipts	<u>766,184</u>	<u>750,000</u>	<u>718,024</u>	<u>(31,976)</u>
DISBURSEMENTS:-				
General government	<u>196,981</u>	<u>195,822</u>	<u>191,995</u>	<u>3,827</u>
Total disbursements	<u>196,981</u>	<u>195,822</u>	<u>191,995</u>	<u>3,827</u>
Excess of receipts over (under) disbursements	<u>569,203</u>	<u>554,178</u>	<u>526,029</u>	<u>(35,803)</u>
OTHER FINANCING SOURCES (USES):-				
Transfers out	<u>(868,581)</u>	<u>(759,207)</u>	<u>(754,282)</u>	<u>4,925</u>
Total other financing sources	<u>(868,581)</u>	<u>(759,207)</u>	<u>(754,282)</u>	<u>4,925</u>
Net change in fund balance	(299,378)	(205,029)	(228,253)	(23,224)
Fund balance beginning of year	640,457	640,457	640,457	0
Prior year encumbrances appropriated	<u>352</u>	<u>352</u>	<u>352</u>	<u>0</u>
Fund balance end of year	<u>\$ 341,431</u>	<u>\$ 435,780</u>	<u>\$ 412,556</u>	<u>\$ (23,224)</u>

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE PREVENTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
RECEIPTS:-				
Property and other local taxes	\$ 84,000	\$ 47,000	\$ 55,539	\$ 8,539
Charges for services	96,000	96,000	97,923	1,923
Earnings on investments	4,000	4,000	4,697	697
Total receipts	<u>184,000</u>	<u>147,000</u>	<u>158,159</u>	<u>11,159</u>
DISBURSEMENTS:-				
Security of persons and property	131,169	173,793	79,399	94,394
Capital outlay	0	0	284,591	(284,591)
Total disbursements	<u>131,169</u>	<u>173,793</u>	<u>363,990</u>	<u>(190,197)</u>
Excess of receipts over (under) disbursements	<u>52,831</u>	<u>(26,793)</u>	<u>(205,831)</u>	<u>201,356</u>
OTHER FINANCING SOURCES (USES):-				
Debt proceeds	0	0	205,591	205,591
Transfers in	30,918	25,000	34,107	9,107
Total other financing sources	<u>30,918</u>	<u>25,000</u>	<u>239,698</u>	<u>214,698</u>
Net change in fund balance	83,749	(1,793)	33,867	35,660
Fund balance beginning of year	101,534	101,534	101,534	0
Prior year encumbrances appropriated	2,586	2,586	2,586	0
Fund balance end of year	<u>\$ 187,869</u>	<u>\$ 102,327</u>	<u>\$ 137,987</u>	<u>\$ 35,660</u>

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF ASSETS AND FUND BALANCES -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
AS OF DECEMBER 31, 2007

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Proprietary Funds</u>
ASSETS:-				
Equity in pooled cash and cash equivalents	\$ 270,882	\$ 350,053	\$ 45,341	\$ 666,276
Total assets	<u>\$ 270,882</u>	<u>\$ 350,053</u>	<u>\$ 45,341</u>	<u>\$ 666,276</u>
NET ASSETS:-				
Restricted for:-				
Capital outlay	\$ 0	\$ 0	\$ 39,598	\$ 39,598
Unrestricted	<u>270,882</u>	<u>350,053</u>	<u>5,743</u>	<u>626,678</u>
Total net assets	<u>\$ 270,882</u>	<u>\$ 350,053</u>	<u>\$ 45,341</u>	<u>\$ 666,276</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CARDINGTON
MORROW COUNTY**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Water Fund	Sewer Fund	Other Enterprise Funds	Total Proprietary Funds
OPERATING RECEIPTS:-				
Charges for services	\$ 355,033	\$ 292,170	\$ 2,395	\$ 649,598
Other operating receipts	170,179	0	0	170,179
Total operating receipts	525,212	292,170	2,395	819,777
OPERATING DISBURSEMENTS:-				
Operating disbursements:-				
Personal services	126,510	131,519	0	258,029
Employee fringe benefits	52,941	45,438	0	98,379
Contractual services	45,109	71,571	62,511	179,191
Materials and supplies	83,265	39,197	0	122,462
Other	0	0	0	0
Total operating disbursements	307,825	287,725	62,511	658,061
Operating income (loss)	217,387	4,445	(60,116)	161,716
NON-OPERATING RECEIPTS (DISBURSEMENTS):-				
Special assessments	46,053	238,398	0	284,451
Earnings on investments	12,492	14,916	0	27,408
Miscellaneous	5,935	3,739	4,873	14,547
Capital outlay	(47,882)	(62,066)	0	(109,948)
Principal payments	(105,940)	(124,111)	0	(230,051)
Interest and fiscal charges	(134,451)	(63,197)	0	(197,648)
Total non-operating receipts (disbursements)	(223,793)	7,679	4,873	(211,241)
Other financing sources (uses)				
Transfers - in	87,688	92,630	50,000	230,318
Other financing sources	9,075	0	0	9,075
Total other financing sources (uses)	96,763	92,630	50,000	239,393
Change in net assets	90,357	104,754	(5,243)	189,868
Net assets beginning of year	180,525	245,299	50,584	476,408
Net assets end of year	\$ 270,882	\$ 350,053	\$ 45,341	\$ 666,276

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
STATEMENT OF ASSETS AND FUND BALANCES -
MODIFIED CASH BASIS - FIDUCIARY FUNDS
AS OF DECEMBER 31, 2007

	<u>Mayor's Court</u>	<u>Total Fiduciary Funds</u>
ASSETS:-		
Cash and cash equivalents	\$ <u>2,058</u>	\$ <u>2,058</u>
Total assets	\$ <u><u>2,058</u></u>	\$ <u><u>2,058</u></u>
NET ASSETS:-		
Unrestricted	\$ <u>2,058</u>	\$ <u>2,058</u>
Total net assets	\$ <u><u>2,058</u></u>	\$ <u><u>2,058</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF CARDINGTON
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 1 - REPORTING ENTITY:-

The Village of Cardington, Morrow County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term and votes only to break a tie.

The reporting entity is comprised of the primary government, component units, and other organizations that were included to ensure that the financial statements are not misleading. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Primary Government - The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The Village provides general government services; water, sewer utilities, and maintenance of Village roads and bridges, park operations, and police and fire protection.

Component Units - Component units are legally separate organizations for which the village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and the (1) the Village is able to significantly influence the program or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village has no component units.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

These financial statements are presented on the modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989 to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

Basis of Presentation - The Village's basic financial statements consist of government wide financial statements including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements reflect activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash and investment balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's

**VILLAGE OF CARDINGTON
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements - During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

Fund Accounting - The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The Village's funds are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds - The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the Village's major governmental funds:

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. The General Fund balance is available for any purpose provided it is disbursed or transferred according to Ohio law.

Street Construction, Maintenance and Repair Fund

The Street Construction, Maintenance and Repair Fund is a special revenue fund which accounts for gasoline tax, motor vehicle tax money and municipal income taxes for constructing, maintaining and repairing Village streets.

Fire Protection Fund

The Fire Protection Fund is a special revenue fund which receives property tax proceeds and charges for services from Cardington and Lincoln Townships and Morrow County. The funds are used to provide fire protection services to residents of the Village and other contracted local governments. During July 2008, management contracted with a third party billing company to begin charging for rescue services. As of December 31, 2008, no receipts were collected from these charges for services that had been submitted to the billing company.

Income Tax Fund

The Income Tax Fund is a special revenue fund which receives municipal income taxes from corporations, individuals, employee withholdings, and restraints. The funds are to be used for administration of the tax, street lighting, road and street repair, resurfacings, curb construction, and storm sewer maintenance and repair, or for an emergency purpose.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

VILLAGE OF CARDINGTON
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary.

Water Fund

The Water Fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund

The Sewer Fund receives charges for services from residents to cover the cost of providing this utility.

Fiduciary Funds

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Mayor's Court Fund

The Mayor's Court Fund receives payments for fines and for court costs. These funds are distributed to the Village and to the State of Ohio.

Basis of Accounting - The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process - All funds are legally required to be budgeted and appropriated annually. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk-Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

VILLAGE OF CARDINGTON
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Cash and Investments - To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

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

Interest earnings are allocated to Village funds according to State statutes or debt related restrictions. Interest receipts credited to the General Fund during 2008 and 2007 were \$23,484 and \$24,400, respectively.

Restricted Assets - Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village had restricted assets of \$2,840 and \$0 as of December 31, 2008 and 2007, respectively.

Inventory and Prepaid Items - The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Inventories resulting from cash transactions are presented at cost on a first-in, first-out basis and are reported as disbursements when used. Prepaid items are reported as disbursements when consumed.

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

Interfund Receivables/Payables - The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave - In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's modified cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans - The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations - The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

Net Assets - Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**VILLAGE OF CARDINGTON
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Fund Balance Reserves - The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Inter-fund Transactions - Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the current year.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING:-

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the General Fund, Street Construction Maintenance and Repair Fund, Fire Prevention Fund, and Income Tax Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year-end encumbrances and are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The Village did have outstanding encumbrances at year end that are included in the accompanying statements.

NOTE 4 - CHANGE IN BASIS OF ACCOUNTING:-

In 2006, the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. In 2007, the Village implemented the modified cash basis of accounting described in Note 2. The fund financial statements now present each major fund on a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

NOTE 5 - DEPOSITS AND INVESTMENTS:-

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

VILLAGE OF CARDINGTON
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 5 - DEPOSITS AND INVESTMENTS:- (continued)

Interim deposits are deposits of interim monies. Interim monies are those monies that are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Village by the financial institution, or by collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Village had no undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the public deposits it holds or as specific collateral held at the federal Reserve Bank in the name of the Village.

**VILLAGE OF CARDINGTON
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 - DEPOSITS AND INVESTMENTS:- (continued)

At year end, the carrying amount of the Village's deposits at December 31, 2008 and 2007 was \$184,451 and \$2,060, respectively. Based on the criteria described in the GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of December 31, 2008, \$0 of the Village's bank balance of \$1,960,777 and as of December 31, 2007, \$0 of the Village's bank balance of \$2,021,362 was exposed to custodial credit risk, as discussed above. The balances were either covered by Federal Depository Insurance Corporation or a pooled collateral agreement during 2008 and 2007.

The Village has a deposit policy for custodial risk beyond the requirements of State statute, which includes pooled collateral and a repurchase agreement for the checking account to fall under FDIC requirements. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment or all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments - The Village maintains a repurchase agreement with their financial institution. The agreement allows the financial institution to invest excess funds in a repurchase agreement account. The Village's financial institution provides securities to collateralize the repurchase agreements. The securities are not held in the Village's name. In addition, the investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

As of December 31, 2008 and 2007, the Village had the following investments:

Investment	Carrying Value		Maturity
	2008	2007	
Repurchase Agreement	\$ 1,310,286	\$ 1,255,717	1 day
Star Ohio	451,755	705,184	30 days
Total assessed value	\$ 1,762,041	\$ 1,960,901	

These investments have a maturity of less than one year.

Interest rate risk arises because the fair value of investment changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash flow demands, thereby remaining sufficiently liquid to enable the Village to meet all operating requirements that may be anticipated, and by investing operating funds primarily in short-term investments.

The investments were rated AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirement in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

The Village places no limit on the amount that may be invested in any one issuer.

NOTE 6 - INCOME TAXES:-

The Village levies a municipal income tax of one (1.00) percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF CARDINGTON
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 6 - INCOME TAXES:- (continued)

The Village has contracted with the Regional Income Tax Authority (RITA) to begin collecting municipal income taxes on behalf of the Village, starting on January 1, 2006. RITA collects all Village income taxes and forwards these collections to the Village monthly. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

NOTE 7 - PROPERTY TAXES:-

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 represent the collection of 2006 taxes and receipts received in 2008 represent collection of 2007 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2005, the lien date. The receipted 2008 Real property taxes were levied after October 1, 2007 on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes and those received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. For 2008, Public utility real and tangible personal property taxes received became a lien on December 31, 2007, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 and 2008 (other than public utility property) represent the collection of 2007 and 2008 taxes, respectively. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values of real property, public utility property, and tangible personal property upon which the property tax receipts were based are as follows:

	2008		2007
Real Property:-			
Residential	\$ 407,327,710	\$	392,512,360
Agriculture	77,470,420		77,359,340
Commercial/ Industrial/ Mineral	21,100,810		21,155,640
Public Utility Property:-			
Real	23,375,270		23,639,840
Tangible personal property	3,305,440		5,490,040
Total assessed value	\$ 532,579,650	\$	520,157,220

Tangible personal property is being phased out over the next year.

NOTE 8 - RISK MANAGEMENT:-

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**VILLAGE OF CARDINGTON
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 8 - RISK MANAGEMENT:- (continued)

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements (audited by other accountants) represent to conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Assets	\$ 10,471,114	\$ 11,136,455
Liabilities	(5,286,781)	(4,273,553)
Members' equity	<u>\$ 5,184,333</u>	<u>\$ 6,862,902</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

NOTE 9 - DEFINED BENEFIT PENSION PLAN:-

Ohio Public Employees Retirement System - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report

VILLAGE OF CARDINGTON
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 9 - DEFINED BENEFIT PENSION PLAN:- :- (continued)

that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. Members in state and local classifications contributed 10.0 percent covered payroll in 2008 and 9.5 percent in 2007.

The Village's contribution rate for 2008 was 14.0 percent and for 2007 was 13.85 percent. For the period January 1 through June 30, 2007, a portion of the Village's contribution equal to 5.0 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period July 1 through December 31, 2007 this amount was increased to 6.0 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Village of 14 percent.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$59,294, \$59,357, and \$56,189 respectively. The full amount has been contributed for 2008, 2007 and 2006.

Ohio Police and Fire Protection Fund - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to full-time law enforcement officers of the village and their beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

During 2008 and 2007, plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 24 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to fund pension benefits for the years ended December 31, 2008, 2007, and 2006 were \$33,495, \$28,073, and \$20,543, respectively. The full amount has been contributed for 2008, 2007 and 2006.

NOTE 10 - POST EMPLOYMENT BENEFITS:-

Ohio Public Employees Retirement System – Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008 and 2007, local government employers contributed 14 percent and 13.85 percent of covered payroll, respectively. Each year, the OPERS

VILLAGE OF CARDINGTON
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 10 - POST EMPLOYMENT BENEFITS:- (continued)

retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment healthcare benefits.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment healthcare plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007 and 2006 were \$2,965, \$2,968 and \$2,809, respectively; 100 percent has been contributed for all three years.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post -employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24 percent of covered payroll for police and fire employers.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the years ended December 31, 2008 and 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Village's contributions to OP&F which were allocated to fund postemployment healthcare benefits for police and fire were \$2,261 for the year ended December 31, 2008, \$1,895 for the year ended December 31, 2007, and \$1,387 for the year ended December 31, 2006. The full amount has been contributed for 2008, 2007, and 2006.

**VILLAGE OF CARDINGTON
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 11 - DEBT:-

Debt outstanding at December 31, 2007 was as follows:

	<u>Rate</u>	<u>Principal Balance 12/31/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Balance 12/31/2007</u>	<u>Due Within One Year</u>
1978 Ohio Water Development Authority Loan	5.25%	\$ 60,563	\$ 0	\$ (7,365)	\$ 53,198	\$ 7,751
1996 Ohio Water Development Authority Loan	4.16%	1,236,811	0	(90,746)	1,146,065	94,561
1996 Ohio Water Development Authority Loan	6.49%	1,655,576	0	(65,163)	1,590,413	69,392
1977 GMAC Loan	5.00%	190,000	0	(26,000)	164,000	26,000
1991 GMAC Loan	5.00%	512,000	0	(26,000)	486,000	28,000
2001 Swimming Pool Bonds	5.37%	116,132	0	(32,422)	83,710	33,874
2005 Well Site Land Loan	3.10%	45,674	0	(14,777)	30,897	15,233
2007 Chase Fire Truck	4.45%	205,591	0	0	205,591	16,769
Total debt outstanding		\$ <u>4,022,347</u>	\$ <u>0</u>	\$ <u>(262,473)</u>	\$ <u>3,759,874</u>	\$ <u>291,580</u>

Debt outstanding at December 31, 2008 was as follows:

	<u>Rate</u>	<u>Principal Balance 12/31/2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Balance 12/31/2008</u>	<u>Due Within One Year</u>
1978 Ohio Water Development Authority Loan	5.25%	\$ 53,198	\$ 0	\$ (7,751)	\$ 45,447	\$ 8,158
1996 Ohio Water Development Authority Loan	4.16%	1,146,065	0	(94,561)	1,051,504	98,353
1996 Ohio Water Development Authority Loan	6.49%	1,590,413	0	(69,392)	1,521,021	73,895
1977 GMAC Loan	5.00%	164,000	0	(26,000)	138,000	32,000
1991 GMAC Loan	5.00%	486,000	0	(28,000)	458,000	29,000
2001 Swimming Pool Bonds	5.37%	83,710	0	(33,874)	49,836	35,983
2005 Well Site Land Loan	3.10%	30,897	0	(15,233)	15,664	15,664
2007 Chase Fire Truck	4.45%	205,591	0	(16,769)	188,822	17,516
2008 Farmers Citizens Bank Loan - Fender Property	3.15%	0	40,472	0	40,472	13,074
Total debt outstanding		\$ <u>3,759,874</u>	\$ <u>40,472</u>	\$ <u>(291,580)</u>	\$ <u>3,508,766</u>	\$ <u>323,643</u>

The Ohio Water Development Authority (OWDA) loans relate to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA approved up to \$4,341,770 in loans to the Village for this project. The loans are being repaid in semiannual installments including interest, over 20, 25, and 40 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2008, the outstanding principal balance on these loans amounted to \$2,617,972.

The GMAC loans relate to water and sewer plant improvement projects. The loans will be repaid in semiannual installments including interest, over 30-35 years. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover GMAC debt service requirements. As of December 31, 2008, the outstanding balance on these loans was \$596,000.

**VILLAGE OF CARDINGTON
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 11 - DEBT:- (continued)

During 2001, the Village issued swimming pool bonds on behalf of the Cardington Recreation District. The current obligation bond outstanding was issued to provide funds for the improvement of the local swimming pool and is a general obligation of the Village for which the full faith and credit of the Village is pledged for repayment. The payments of principal and interest relating to this debt are recorded as expenditures in the debt service fund. The source of payment is derived from a current bonded debt levy of the Cardington Recreation District, which is remitted to the Village and recorded as an other financing source in the debt service fund. The outstanding balance as of December 31, 2008 is \$49,836.

During 2004, the Village issued a note for the purpose of purchasing two police vehicles. The loan will be repaid in 3 annual payments including interest beginning in 2006 and ending in 2008. The balance on the loan was paid in full as of December 31, 2008.

During 2005, the Village issued a note for the purchase of land for a well site. The land is 17.50 acres in Richland Township. The loan is a four year loan with Farmer's Citizens bank with an interest rate of 3.10% and had an outstanding balance of \$15,664 at December 31, 2008.

During 2007, the Village entered into a lease agreement with Chase Equipment Leasing Inc. The lease is for the purchase of a Sutphen 2006 Custom Shield Pumper fire truck. This is a ten year lease with Chase bank with an interest rate of 4.45% and had an outstanding balance of \$188,822 at December 31, 2008.

During 2008, the Village entered into a loan agreement with Farmer's Citizens bank. The loan was for the purchase of land for future expansion of the sewer plant. This is a 3 year loan with an interest rate of 3.15%. Payments are scheduled to be biannual beginning in March of 2009.

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

Year ending December 31:	OWDA Loan 1		OWDA Loan 2		OWDA Loan 3	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 8,158	\$ 2,386	\$ 98,353	\$ 42,729	\$ 73,895	\$ 98,715
2010	8,586	1,958	102,677	38,587	78,691	93,919
2011	9,038	1,506	106,993	34,271	83,798	88,812
2012	9,512	1,032	111,490	29,774	89,237	83,373
2013	10,153	125	116,176	25,088	95,028	77,582
2014-2018	0	0	515,815	46,573	576,057	286,993
2019-2023	0	0	0	0	524,315	79,821
Total	\$ 45,447	\$ 7,007	\$ 1,051,504	\$ 217,022	\$ 1,521,021	\$ 809,215

**VILLAGE OF CARDINGTON
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 11 - DEBT:- (continued)

	GMAC Loan 1		GMAC Loan 2		Swimming Pool Bonds	
Year ending December 31:	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 32,000	\$ 6,600	\$ 29,000	\$ 22,900	\$ 35,983	\$ 2,162
2010	32,000	5,000	31,000	21,450	13,853	353
2011	34,000	3,400	32,000	19,900	0	0
2012	34,000	1,700	33,000	18,300	0	0
2013	6,000	0	34,000	16,650	0	0
2014-2018	0	0	206,000	55,300	0	0
2019-2023	0	0	93,000	7,000	0	0
Total	\$ 138,000	\$ 16,700	\$ 458,000	\$ 161,500	\$ 49,836	\$ 2,515

	Well Site Loan		Chase Firetruck		Farmers Citizens Bank Loan Fender Property	
Year ending December 31:	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 15,664	\$ 487	\$ 17,516	\$ 8,403	\$ 13,074	\$ 1,275
2010	0	0	18,295	7,623	13,486	863
2011	0	0	19,110	6,809	13,912	438
2012	0	0	19,960	5,959	0	0
2013	0	0	20,848	5,070	0	0
2014-2018	0	0	93,093	10,582	0	0
2019-2023	0	0	0	0	0	0
Total	\$ 15,664	\$ 487	\$ 188,822	\$ 44,446	\$ 40,472	\$ 2,576

	Total	
Year ending December 31:	Principal	Interest
2009	\$ 323,643	\$ 185,657
2010	298,588	169,753
2011	298,851	155,136
2012	297,199	140,138
2013	282,206	124,514
2014-2018	1,390,964	399,449
2019-2023	617,315	86,821
Total	\$ 3,508,766	\$ 1,261,468

VILLAGE OF CARDINGTON
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

NOTE 12 - INTERFUND TRANSFERS:-

During 2008 and 2007, the following transfers were made:

December 31, 2008		
Fund	Transfers Out	Transfers In
General	\$ 0	\$ 268,943
Street construction and maintenance	0	207,960
Income tax	807,709	0
Fire prevention	0	55
Other governmental funds	0	86,274
Water	0	199,084
Sewer	0	22,445
Other enterprise	62,052	85,000
Total	\$ 869,761	\$ 869,761

December 31, 2007		
Fund	Transfers Out	Transfers In
General	\$ 0	\$ 262,350
Street construction and maintenance	10,350	187,857
Income tax	754,282	0
Fire prevention	0	34,107
Other governmental funds	0	50,000
Water	0	87,688
Sewer	0	92,630
Other enterprise	0	50,000
Total	\$ 764,632	\$ 764,632

By council authorization, monies are initially recorded within the income tax fund for tracking purposes, then transferred from the income tax fund to appropriate approved funds based upon necessity due to shortfalls within the funds, which by ordinance can be changed at any time with prior approval by council. The remaining transfers during 2008 from the Other Enterprise Funds to the various other non-major funds were for reimbursement of FEMA funds to the appropriate funds the money was originally expended from, in addition to movement from tracking purposes of capital outlay purchases. The remaining transfers during 2007 from the Street, Construction, Maintenance, and Repair Fund to the various other non-major funds were for tracking purposes to track the total funds for the purchase of a parcel of land financed partially by streets money and general money.

NOTE 13 - CONTINGENCIES:-

Subsequent to year end, the Village had contingent legal litigation with a prior employee regarding employment termination. As of year end, the Village had no financial obligation, however, it was undetermined if any obligation would be required in the future.

**VILLAGE OF CARDINGTON
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

NOTE 14 - SUBSEQUENT EVENTS:-

Subsequent to year end, the Village entered into several debt agreements totaling approximately 1 million dollars. These agreements were for waterline projects, building projects, and for new equipment.



**Independent Accountants' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Required by Government Auditing Standards**

Village Council
Village of Cardington
Morrow County

We have audited the financial statements of the Village of Cardington, Morrow County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated March 31, 2010, wherein we noted the Village prepares its financial statements on the modified cash basis of accounting, a comprehensive accounting basis other 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be a significant deficiencies in internal control over financial reporting as items 2008-001, 2008-003 and 2008-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we consider findings 2008-003 and 2008-004 to be material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated March 31, 2010.

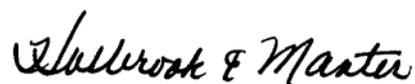
Compliance and Other Matters

As part of reasonably assuring whether the Government'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 an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2008-002.

We did note certain noncompliance or other matters that we reported to the Government's management in a separate letter dated March 31, 2010.

The Village of Cardington's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, and the Village Council. We intend it for no one other than these specified parties.



Certified Public Accountants

March 31, 2010

**VILLAGE OF CARDINGTON
MORROW COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2008-001
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Significant Deficiency – Internal Control and Review Procedures

Although the Council Members receive and review a select number of reports from the Fiscal Officer of the Village for approval on a monthly basis, the Village has not established formal procedures to reasonably assure completeness and accuracy of the monthly reporting. During our testing and analysis, we noted that the Village Council is not reviewing the numerical check sequence prior to signing the checks. In addition, they are not reviewing the bank statement for proper inclusion of authorized expenditures within the cancelled checks or electronic fund withdraws.

The Village should carefully review this information and make appropriate inquires to help determine the integrity of the financial information. When performing such review, the officials’ signatures or initials and the date should be affixed to the documents examined and it should be noted in the monthly minutes that the officials’ thoroughly reviewed and approved those documents. In addition, we also recommend that the numerical check sequence be noted in the minutes and signed off of by the Council each month.

Officials’ Response

Subsequent to year end, the Village’s Fiscal Officer implemented a procedure to provide a list of checks monthly and at year end to the Finance Committee for their review and signatures. This process will continue to be refined with further recommendations coming out of the current and future audits.

Finding Number	2008-002
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Noncompliance Citation – Prior Certification of Expenditures

Ohio Revised Code, Section 5705.41 (D) requires that no orders or contracts involving the expenditures of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

It was noted during the audit that expenditures by the Village were not certified in a timely manner.

Without timely certification, the Village may expend more funds than available in the treasury, in the process of collection or than funds appropriated.

We recommend that the Village implement a policy and procedure for contracts involving the expenditure of money be timely certified to insure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Village should issue approved purchase orders and consider using blanket and super blanket purchase orders and/or “Then and Now” certificates where applicable.

Officials’ Response

The transition into the new software during 2008 allowed the Village to implement a new procedure for purchase orders whereas all the purchase orders are to either be dated timely or labeled as a “Then and Now” purchase order at the time of inception. The implementation of this procedure should allow for all funds to properly be encumbered prior to purchase for future audit periods.

**VILLAGE OF CARDINGTON
MORROW COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

Finding Number	2008-003
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Significant Deficiency/Material Weakness – Material Misclassifications within the Financial Statements

During the audit, it was determined that various line item classifications were inappropriately stated, which resulted in material audit reclassifications within the financial statements. Inappropriate reporting of the classifications on the financial statement could result in appropriations exceeding estimated resources or actual expenditures exceeding appropriations.

We recommend that for future reporting, the Village obtain a more in depth understanding of the classifications with the new financial reporting model in order to properly report the financial statement amounts within the appropriate line item classifications within the funds on the financial statements.

Officials’ Response

The Village Fiscal Officer is aware of this issue and is working with their software provider to improve the reporting model.

Finding Number	2008-004
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Significant Deficiency/Material Weakness – Submission of Documentation for Third Party Billing of Fire Rescue Services

During the audit, it was determined that the Village had not properly submitted the required documentation to the third party billing company for the fire rescue services. With the assistance of the Village Solicitor, it was determined that the Village was still within the statute of limitations for submission of the formal documents in an attempt to collect for the charges for services provided for fire rescue. Subsequent to year end, the Village collected all documentation for those runs not properly billed to date and submitted the documentation to the billing company in an attempt to charges for the fire rescue services provided by the Village.

We recommend that in the future, the Village implement a form of “checks and balances” over the responsible party involved with submission of the formal documentation on the Village’s behalf. In addition, we recommend that the Village Council be provided quarterly reports, at a minimum, to review for completeness and accuracy of the runs being submitted to the third party billing company and the ongoing status of those runs. These reports will also assist with tracking the potential collection of receipts from the billing company for budgetary purposes. Implementation of internal controls over the process will assist with the prevention of potential misstatement within the processes of collecting and recording the charges for service receipts within the financial statements. It will also assist with determining the success of the implementation of this billing process and the record keeping being maintained at the Village level.

Officials’ Response

The Village Fiscal Officer is aware there are lack of controls in place over this process and is currently working with the Village Solicitor to implement internal controls over the documentation submission to the third party billing company for this billing process.

VILLAGE OF CARDINGTON
MORROW COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-001	Significant Deficiency- Internal Control and Review Procedures	No	Not Corrected. Reported as finding 2008-001.
2006-002	ORC 5705.41 (D) - Failure to properly use fiscal certificates	No	Not Corrected. Reported as finding 2008-002.
2006-003	ORC 9.10, 9.11, and 1306.06 - Rubber Stamp Signatures	Yes	Fully Corrected.
2006-004	ORC 5705.40 - Amending or Supplementing Appropriations	Yes	Fully Corrected.
2006-005	ORC 5705.36 - Amending Certificates of Estimated Resources	Yes	Fully Corrected.
2006-006	ORC 5705.39 - Appropriations Exceeding Estimated Resources	Yes	Fully Corrected.



Mary Taylor, CPA
Auditor of State

VILLAGE OF CARDINGTON

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
JUNE 29, 2010**