



**VILLAGE OF CARDINGTON  
MORROW COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**



VILLAGE OF CARDINGTON  
MORROW COUNTY

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88 East Broad Street, 5<sup>th</sup> Floor  
Columbus, Ohio 43215-3506  
(614) 466-3402 or (800) 443-9275  
CentralRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Village of Cardington  
Morrow County  
215 Park Avenue  
Cardington, Ohio 43315

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Cardington, Morrow County, Ohio, (the Village) as of and for the years ended December 31, 2018 and 2017.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Cardington, Morrow County, Ohio, as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Cardington, Morrow County, Ohio, as of December 31, 2018 and 2017, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

September 23, 2019

**Village of Cardington, Ohio**  
*Morrow County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2018*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 247,529	\$ 85,835	\$ -	\$ 333,364
Municipal Income Tax	723,135	-	-	723,135
Intergovernmental	31,185	266,549	-	297,734
Special Assessments	696	-	-	696
Charges for Services	-	126,169	13,193	139,362
Fines, Licenses and Permits	37,733	1,375	-	39,108
Earnings on Investments	16,138	8,129	73	24,340
Miscellaneous	60,807	6,832	-	67,639
<i>Total Cash Receipts</i>	<u>1,117,223</u>	<u>494,889</u>	<u>13,266</u>	<u>1,625,378</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	418,707	348,715	-	767,422
Public Health Services	1,453	-	-	1,453
Leisure Time Activities	-	43,683	-	43,683
Community Environment	23,141	260	-	23,401
Basic Utility Services	2,366	-	-	2,366
Transportation	-	282,359	-	282,359
General Government	276,728	1,751	-	278,479
Capital Outlay	-	236,905	-	236,905
Debt Service:				
Principal Retirement	-	24,457	-	24,457
Interest and Fiscal Charges	-	7,346	-	7,346
<i>Total Cash Disbursements</i>	<u>722,395</u>	<u>945,476</u>	<u>-</u>	<u>1,667,871</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>394,828</u>	<u>(450,587)</u>	<u>13,266</u>	<u>(42,493)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	475,000	-	475,000
Transfers Out	(475,000)	-	-	(475,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(475,000)</u>	<u>475,000</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(80,172)	24,413	13,266	(42,493)
<i>Fund Cash Balances, January 1</i>	<u>935,460</u>	<u>740,228</u>	<u>69,089</u>	<u>1,744,777</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	764,641	82,355	846,996
Assigned	108,003	-	-	108,003
Unassigned	747,285	-	-	747,285
<i>Fund Cash Balances, December 31</i>	<u>\$ 855,288</u>	<u>\$ 764,641</u>	<u>\$ 82,355</u>	<u>\$ 1,702,284</u>

*See accompanying notes to the financial statements*

**Village of Cardington, Ohio**  
*Morrow County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2018*

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 1,402,210	\$ -	\$ 1,402,210
<i>Total Operating Cash Receipts</i>	<u>1,402,210</u>	<u>-</u>	<u>1,402,210</u>
<b>Operating Cash Disbursements</b>			
Personal Services	308,729	-	308,729
Employee Fringe Benefits	77,185	-	77,185
Contractual Services	313,315	-	313,315
Supplies and Materials	190,736	-	190,736
Other	3,319	-	3,319
<i>Total Operating Cash Disbursements</i>	<u>893,284</u>	<u>-</u>	<u>893,284</u>
<i>Operating Income</i>	<u>508,926</u>	<u>-</u>	<u>508,926</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Earnings on Investments	29,660	-	29,660
Miscellaneous Receipts	14,987	-	14,987
Capital Outlay	(199,034)	-	(199,034)
Principal Retirement	(262,922)	-	(262,922)
Interest and Other Fiscal Charges	(33,078)	-	(33,078)
Other Financing Sources	-	24,920	24,920
Other Financing Uses	-	(25,942)	(25,942)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(450,387)</u>	<u>(1,022)</u>	<u>(451,409)</u>
<i>Net Change in Fund Cash Balances</i>	58,539	(1,022)	57,517
<i>Fund Cash Balances, January 1</i>	<u>2,039,064</u>	<u>2,374</u>	<u>2,041,438</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,097,603</u>	<u>\$ 1,352</u>	<u>\$ 2,098,955</u>

*See accompanying notes to the financial statements*



**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

The Village of Cardington (the Village), Morrow County, 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. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, police, fire services through a volunteer fire department, as well as the operations of a Mayor's Court.

***Jointly Governed Organizations***

The Village participates in jointly governed organizations. These organizations include:

*Cardington-Lincoln Joint Recreation Board*  
*Glendale Union Cemetery*

Note 12 to the financial statements provides additional information for these organizations.

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**

***Basis of Presentation***

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

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction Maintenance and Repair*** - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Fire Prevention & Firefighters Fund*** - This fund receives property tax proceeds and charges services from Cardington & Lincoln Townships. The funds are used to provide fire protection to residents of the Village and other contracted local governments.

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Capital Project Funds*** - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

***Fire Truck Replacement Fund*** – This fund receives 10% of the Fire Contract proceeds from both Cardington and Lincoln Townships. It has been established to use as a savings tool for when a replacement fire truck needs to be acquired.

***Enterprise Funds*** - These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

***Water Fund*** - The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

***Sewer Fund*** - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Fiduciary Funds*** - Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village has the following Agency Fund:

***Mayors Court*** – Receives payments for fines and court costs. These monies are distributed to the Village, Morrow County, and the State of Ohio.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Budgetary Process (Continued)***

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

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

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

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

***Non-spendable*** - The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

***Restricted*** - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** - Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

***Unassigned*** - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 is as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$1,531,922	\$1,117,223	(\$414,699)
Special Revenue	1,087,304	969,889	(117,415)
Capital Projects	12,160	13,266	1,106
Enterprise	2,356,909	1,446,857	(910,052)
Total	\$4,988,295	\$3,547,235	(\$1,441,060)

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 3 – Budgetary Activity (Continued)**

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,859,162	\$1,213,060	\$646,102
Special Revenue	1,409,536	1,029,569	379,967
Capital Projects	0	0	0
Enterprise	3,464,480	1,497,380	1,967,100
Total	\$6,733,178	\$3,740,009	\$2,993,169

**Note 4 – Deposits and Investments**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Demand deposits	2018 \$1,240,249
Total deposits	1,240,249
STAR Ohio	2,560,990
Total investments	2,560,990
Total deposits and investments	\$3,801,239

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

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

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 5 – Taxes (Continued)**

***Property Taxes (Continued)***

Outstanding public utilities are also certified on real property located within the Village once approved by Village Council.

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

***Income Taxes***

The Village levies a municipal income tax of 1 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. The Village has contracted with the Regional Income Tax Authority (RITA) to collect municipal income taxes on behalf of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Authority (RITA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. RITA collects all Village income taxes and forwards these collections to the Village bi-monthly.

**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material). The Village participates in the Industry Specific Safety Program (ISSP) through the Ohio Bureau of Workers Compensation. The intent of the ISSP is to educate its members about all aspects of safety. All requirements were met and the Village was awarded a rebate.

***Commercial Insurance***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 6 - Risk Management (Continued)**

***Commercial Insurance (Continued)***

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017 (most recent information available).

*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 financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (most recent information available).

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All employees belong to the Ohio Public Employees Retirement System (OPERS) apart from full time Police Officers covered under Ohio Police & Fire Pension Fund, Volunteer Firefighters, and an appointed Council Member who elected Social Security in lieu of OPERS. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 7 - Defined Benefit Pension Plans (Continued)**

***Ohio Police and Fire Retirement System***

All full-time Police officers belong to the Ohio Police & Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 24% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

***Social Security***

All Volunteer firefighters contributed to Social Security. A Village appointed Council Member whose term was renewed on January 1, 2018, elected Social Security in lieu of OPERS. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.



**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 9 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Waterworks System (Berkadia Mortgage Revenue Bonds)	\$93,000	5.00%
OWDA Loan # 3150	524,314	4.00%
Farmers Citizens Bank	154,498	4.25%
OWDA Loan # 5203	215,061	0.00%
OWDA Loan # 6387	982,386	0.00%
Statewide Emergency Products Cruiser Lease	12,673	0.00%
Total	\$1,981,932	

During 1980, the Village issued mortgage revenue bonds for the improvement of the municipal waterworks system. The bonds will be repaid in annual installments over 36 years beginning in 1985. Final payment on this loan will take place in 2020. Water and sewer receipts collateralize the bonds. The Village has agreed to set utility rates sufficient to cover debt service requirements. As of December 31, 2018, the outstanding principal balance on this loan totaled to \$93,000.

The Ohio Water Development Authority (OWDA) loans relate to water and sewer plant upgrades as well as water line replacements. The Village will repay the loans in semiannual installments including interest, with the latest loan ending in 2033. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. An annual review of water and sewer rates is completed to verify that the debt service requirements with the OWDA will continue to be met. As of December 31, 2018, the outstanding principal balance on these loans totaled to \$1,721,761.

During 2009, the Village entered into a loan agreement with Farmers Citizens Bank. This loan was for construction of a street building. This is a 15-year loan and as of December 31, 2018, the outstanding principal balance totaled to \$154,498.

***Capital Lease***

The Village has a Capital Equipment Lease with Statewide Emergency Products, LLC. This is for a 2017 Ford Explorer (Police Cruiser). This agreement is for three (3) years which will be paid in full in 2019 and at that time, the vehicle will belong to the Village. 2018 is the second year of this agreement with a total payment made of \$12,672.57.

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 9 – Debt (Continued)**

***Amortization***

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

Year Ending December 31:	Capital Lease	OWDA Loans	Mortgage Revenue Bonds	Promisory Note
2019	\$12,673	\$247,340	\$50,650	\$31,803
2020	0	250,791	49,350	31,803
2021	0	254,466	0	31,803
2022	0	172,073	0	31,803
2023	0	87,786	0	31,803
2024-2028	0	438,930	0	15,869
2029-2033	0	385,165	0	0
Total	<u>\$12,673</u>	<u>\$1,836,552</u>	<u>\$100,000</u>	<u>\$174,884</u>

**Note 10 – Construction and Contractual Commitments**

In 2017, the Village obtained a quote for a water plant upgrade project reflecting an estimate for completion totaling \$1,901,707. A grant was awarded from the Ohio Public Works Commission (OPWC) in the amount of \$499,999. A loan was also granted in the amount of \$285,716 at 0.00% interest for a period of 20 years. No distribution was received in 2018 as we are awaiting further funding. The Village did not qualify for principal forgiveness for this project, but did qualify for a 0.00% loan. An application was completed in August 2018 requesting a loan amount of \$1,131,058, which included a filing fee of \$15,066. A Capability Assurance Plan (CAP) site review was completed in October 2018. On January 22, 2019, a written confirmation was received recommending the water plant upgrade project for the Village to receive funding assistance through the Water Supply Revolving Loan Account.

On October 27, 2017, the Village of Cardington Police Department was notified that their application was approved for a grant award under the Fiscal year (FY) 2017 Bulletproof Vest Partnership (BVP) solicitation in the amount of \$6,291. In 2018, the vests were received and proof of purchase and final paperwork was submitted. As of December 31, 2018, we have yet to receive our reimbursement from this grant totaling \$2,512.11.

In October 2018, the Village applied for a Community Development Block Grant (CDBG) with Morrow County to install a sidewalk along Main Street from Cardington Western Road to North Fourth Street. A verbal confirmation of the award totaling \$91,000 has been received. As of December 31, 2018, no written confirmation was received.

The Village applied for a Natureworks grant through the Ohio Department of Natural Resources for improvements to Maxwell Park. These improvements include the construction of a shelter house with lights. On October 18, 2018, an award letter was received reflecting the conditional funding in the amount of \$28,394. This grant mandates that the Village provide a 25% match. The next step is to present our engineered drawings to them. The engineering portion will begin in January 2019.

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 10 – Construction and Contractual Commitments (Continued)**

The Village will be working with Ohio Department of Transportation for the repair and paving of State Route 529. In July 2018, the Village received an approval for the request for financial assistance totaling \$625,248. This includes a 0.00% interest loan totaling \$156,312 along with a grant award of \$468,936. The Village match to this project is \$166,205. This project is set to begin in 2019.

**Note 11 – Contingent Liabilities**

As of December 31, 2018, the Village is unaware of any outstanding litigation.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 12 – Jointly Governed Organizations**

*The Cardington-Lincoln Joint Recreation Board* - The Village and the Cardington-Lincoln Local School District participate in a joint recreation board, created under the provisions of Ohio Revised Code Sections 755.12 to 755.18. The Joint Recreation District consists of two (2) representatives from each participant, and one member at large. The degree of control exercised by the Village is limited to its representation on the Board. Financial information is available from the Treasurer, P.O. Box 10, Cardington, Ohio 43315.

*Glendale Union Cemetery* – The Village and Cardington Township participate in the Glendale Union Cemetery, a jointly governed organization created under the laws of the State of Ohio. The Glendale Union Cemetery provides ground maintenance, opening and closing of graves, and the sale of grave lots. The Cemetery is directed by a three (3) member Board of Trustees appointed by the Cardington Township Trustees and the Cardington Village Council. Financial information is available from the Clerk/Treasurer, P.O. Box 86, Cardington, Ohio 43315.

**Note 13 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 14 – Subsequent Event**

In June 2019, the Village received approval of a \$1,114,542 loan from the Ohio EPA's Water Supply Revolving Loan Account to fund its water treatment plant upgrade project. The loan will be repaid in semi-annual installments over a 15 year period at an interest rate of 1.16%. The estimated date of project completion is November 2020, with initial loan payments to begin in 2021.

**Village of Cardington, Ohio**  
*Morrow County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2017*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 259,687	\$ 89,939	\$ -	\$ 349,626
Municipal Income Tax	745,784	-	-	745,784
Intergovernmental	32,621	74,435	-	107,056
Special Assessments	1,910	-	-	1,910
Charges for Services	-	135,920	14,285	150,205
Fines, Licenses and Permits	37,743	2,607	-	40,350
Earnings on Investments	5,493	3,398	159	9,050
Miscellaneous	47,314	10,952	-	58,266
<i>Total Cash Receipts</i>	<u>1,130,552</u>	<u>317,251</u>	<u>14,444</u>	<u>1,462,247</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	393,308	152,438	-	545,746
Public Health Services	1,453	-	-	1,453
Leisure Time Activities	-	20,442	-	20,442
Community Environment	9,726	106	-	9,832
Basic Utility Services	2,549	-	-	2,549
Transportation	-	188,764	-	188,764
General Government	335,115	2,188	-	337,303
Capital Outlay	-	187,131	77	187,208
Debt Service:				
Principal Retirement	-	47,815	-	47,815
Interest and Fiscal Charges	-	9,438	-	9,438
<i>Total Cash Disbursements</i>	<u>742,151</u>	<u>608,322</u>	<u>77</u>	<u>1,350,550</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>388,401</u>	<u>(291,071)</u>	<u>14,367</u>	<u>111,697</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	340,032	-	340,032
Transfers Out	(340,032)	-	-	(340,032)
Other Financing Sources	-	5,555	-	5,555
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(340,032)</u>	<u>345,587</u>	<u>-</u>	<u>5,555</u>
<i>Net Change in Fund Cash Balances</i>	48,369	54,516	14,367	117,252
<i>Fund Cash Balances, January 1</i>	<u>887,091</u>	<u>685,712</u>	<u>54,722</u>	<u>1,627,525</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	740,228	69,089	809,317
Assigned	327,240	-	-	327,240
Unassigned	608,220	-	-	608,220
<i>Fund Cash Balances, December 31</i>	<u>\$ 935,460</u>	<u>\$ 740,228</u>	<u>\$ 69,089</u>	<u>\$ 1,744,777</u>

*See accompanying notes to the financial statements*

**Village of Cardington, Ohio**  
*Morrow County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2017*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 1,357,170	\$ -	\$ 1,357,170
<i>Total Operating Cash Receipts</i>	<u>1,357,170</u>	<u>-</u>	<u>1,357,170</u>
<b>Operating Cash Disbursements</b>			
Personal Services	291,466	-	291,466
Employee Fringe Benefits	71,034	-	71,034
Contractual Services	270,355	-	270,355
Supplies and Materials	167,031	-	167,031
Other	6,915	-	6,915
<i>Total Operating Cash Disbursements</i>	<u>806,801</u>	<u>-</u>	<u>806,801</u>
<i>Operating Income</i>	<u>550,369</u>	<u>-</u>	<u>550,369</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Earnings on Investments	11,116	-	11,116
Miscellaneous Receipts	19,630	-	19,630
Capital Outlay	(75,404)	-	(75,404)
Principal Retirement	(390,967)	-	(390,967)
Interest and Other Fiscal Charges	(43,259)	-	(43,259)
Other Financing Sources	-	38,620	38,620
Other Financing Uses	-	(40,190)	(40,190)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(478,884)</u>	<u>(1,570)</u>	<u>(480,454)</u>
<i>Net Change in Fund Cash Balances</i>	71,485	(1,570)	69,915
<i>Fund Cash Balances, January 1</i>	<u>1,967,579</u>	<u>3,944</u>	<u>1,971,523</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,039,064</u>	<u>\$ 2,374</u>	<u>\$ 2,041,438</u>

*See accompanying notes to the financial statements*

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

The Village of Cardington (the Village), Morrow County, 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. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, police, fire services as well as the operations of a Mayor's Court.

***Jointly Governed Organizations***

The Village participates in jointly governed organizations. These organizations include:

*Cardington-Lincoln Joint Recreation Board*  
*Glendale Union Cemetery*

See Note 12 for additional information on these organizations.

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**

***Basis of Presentation***

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

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction Maintenance and Repair*** - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Fire Prevention and Firefighters Fund*** - This fund receives property tax proceeds and charges for services from Cardington and Lincoln Townships. The funds are used to provide fire protection to residents of the Village and other contracted local governments.

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Capital Project Funds*** - These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

**Fire Truck Replacement Fund** - This fund receives 10% of the Fire Contract proceeds from both Cardington and Lincoln Townships. It has been established to use as a savings tool for when a replacement fire truck needs to be acquired.

***Enterprise Funds*** - These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds

**Water Fund** - The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Fiduciary Funds*** - Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

*Agency funds* are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village has the following Agency Fund:

**Mayors Court** - Receives payments for fines and court costs. These monies are distributed to the Village, Morrow County, and the State of Ohio.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds), be budgeted annually.

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Budgetary Process (Continued)***

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

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

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

A summary of 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

**Non-spendable** - The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.



**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 2 - Summary of Significant Accounting Policies**

***Fund Balance (Continued)***

**Restricted** - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** - Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**Unassigned** - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 is as follows:

Fund Type	2017 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$1,522,935	\$1,130,552	(\$392,383)
Special Revenue	928,703	662,838	(265,865)
Capital Projects	13,150	14,444	1,294
Enterprise	1,591,460	1,387,916	(203,544)
Total	\$4,056,248	\$3,195,750	(\$860,498)

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 - Budgetary Activity (Continued)**

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,722,666	\$1,095,809	\$626,857
Special Revenue	1,141,482	912,841	228,641
Capital Projects	77	77	0
Enterprise	2,173,118	1,549,240	623,878
Total	\$5,037,343	\$3,557,967	\$1,479,376

**Note 4 – Deposits and Investments**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2017
Demand deposits	\$1,274,661
Total deposits	1,274,661
STAR Ohio	2,511,554
Total investments	2,511,554
Total deposits and investments	\$3,786,215

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation, or, collateralized through the Ohio Pooled Collateral System (OPCS).

***Investments***

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

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Outstanding public utilities are also taxed on personal and real property located within the Village.

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 5 – Taxes (Continued)**

***Property Taxes (Continued)***

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

***Income Taxes***

The Village levies a municipal income tax of [1] 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. The Village has contracted with the Regional Income Tax Authority (RITA) to collect municipal income taxes on behalf of the Village

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

**Note 6 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material). The Village participates in the Industry Specific Safety Program (ISSP) through the Ohio Bureau of Workers Compensation. The intent of the ISSP is to educate its members about all aspects of safety. All requirements were met and the Village was awarded a rebate.

***Commercial Insurance***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 6 - Risk Management (Continued)**

***Commercial Insurance (Continued)***

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 financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All employees belong to the Ohio Public Employees Retirement System (OPERS) apart from full time Police Officers, Volunteer Firefighters, and an appointed Council Member who elected Social Security in lieu of OPERS. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

***Ohio Police and Fire Retirement System***

All full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 7 - Defined Benefit Pension Plans (Continued)**

***Social Security***

All Volunteer firefighters contributed to Social Security. In 2016, the Village appointed a Council Member whose term ended December 31, 2017. This Council member elected Social Security in lieu of OPERS. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Waterworks System (Berkadia) Revenue Bonds	\$138,000	5.00%
OWDA Loan # 3150	\$654,450	4.00%
OWDA Loan # 5203	232,983	0.00%
OWDA Loan # 6387	\$1,052,250	0.00%
Farmers Citizens Bank	\$178,955	4.25%
Statewide Emergency Products Cruiser Lease	\$25,346	0.00%
Total	<u>\$2,281,984</u>	

During 1980, the Village issued mortgage revenue bonds for the improvement of the municipal waterworks system. The bonds will be repaid in annual installments over 36 years beginning in 1985. Water and sewer receipts collateralize the bonds. The Village has agreed to set utility rates sufficient to cover debt service requirements. As of December 31, 2017, the outstanding principal balance on this loan totaled to \$138,000.

The Ohio Water Development Authority (OWDA) loans relate to water and sewer plant upgrades as well as water line replacement. The Village will repay the loans in semiannual installments including interest. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2017, the outstanding principal balance on these loans totaled to \$1,939,683. *FINAL* payment was made on OWDA Loan # 2192 in 2017.

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 9 – Debt (Continued)**

In 2017, *FINAL* payment was made on the lease agreement with Chase Equipment Leasing for the purchase of a Sutphen 2006 Custom Shield Pumper fire truck.

During 2009, the Village entered into a loan agreement with Farmers Citizens Bank. This loan was for construction of a street building. This is a 15-year loan and as of December 31, 2017, the outstanding principal balance totaled to \$178,955.

***Capital Lease***

During 2017, the Village entered into a capital lease with Statewide Emergency Products for a 2017 Ford Explorer Police Cruiser. This is a three year lease and as of December 31, 2017, the outstanding principal balance totaled \$25,346.

***Amortization***

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

Year Ending December 31:	Capital Lease	OWDA Loans	Mortgage Revenue Bonds	Promissory Note
2018	\$12,673	\$244,100	\$51,900	\$31,803
2019	12,673	247,341	50,650	31,803
2020	0	250,791	49,350	31,803
2021	0	254,465	0	31,803
2022	0	172,072	0	31,803
2023-2027	0	426,565	0	47,671
2028-2032	0	358,742	0	0
2033	0	60,995	0	0
Total	\$25,346	\$2,015,071	\$151,900	\$206,686

**Note 10 – Construction and Contractual Commitments**

In 2017, the Village obtained a quote for a water plant upgrade project. A grant was awarded from the Ohio Public Works Commission (OPWC) in the amount of \$499,999. A loan was also granted in the amount of \$285,716 at 0.00% for a period of 20 years. No disbursements were received or paid in 2017 as we continue to find funding for this large project estimated at over \$1.6 million. If further funding is not obtained, this project may be postponed.

In August 2017, the Cardington Fire Department was awarded a grant (EMW-2016-F0-00059) totaling \$128,803 from the Assistance to Firefighters Grant Program of the Department of Homeland Security, Federal Emergency Management Agency. This grant is for (16) NFPA 1981, 2013 edition compliant self-contained breathing apparatus along with backpacks, harnesses and face pieces. It also includes (1) 6,000 PSI breathing air compressor along with (1) two bottle fill station and (4) cascade cylinders. Purchase orders were issued in 2017 from Breathing Air Systems and Fire Safety Services, Inc. for this equipment.

**Village of Cardington, Ohio**  
*Morrow County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 10 – Construction and Contractual Commitments (Continued)**

On December 27, 2017, the Cardington Fire Department was notified that their application was approved for the Firefighter Exposure to Environmental Elements Grant (FEEEG) through the Ohio Bureau of Workers' Compensation. The total amount of the award was for \$12,266.67 with a Village match of \$2,453.33 (\$14,720.00 total). This grant is for (1) Continental E-Series 20 lb. Capacity Washer/Extractor, and (30) pair Leather 3D Design Gloves, and (30) FireDex H41 Barrier Nanoflex. No purchase orders were issued as information is still being obtained as to which vendor this equipment will be purchased from.

On October 26, 2017, the Village of Cardington Police Department was notified that their application was approved for a grant award under the Fiscal Year (FY) 2017 Bulletproof Vest Partnership (BVP) solicitation in the amount of \$6,291. A purchase order was issued to Richland Uniform (an approved vendor) for these vests. As of December 31, 2017, the vests were still on order.

**Note 11 – Contingent Liabilities**

As of December 31, 2017, the Village is unaware of any outstanding litigation.

**Note 12 – Jointly Governed Organizations**

**The Cardington-Lincoln Joint Recreation Board** – The Village and the Cardington-Lincoln Local School District participate in a joint recreation board, created under the provisions of Ohio Revised Code Sections 755.12 to 755.18. The Joint Recreation District consists of two (2) representatives from each participant, and one appointed by the four members. The degree of control exercised by the Village is limited to its representation on the Board. Financial information is available from the Treasurer, P.O. Box 10, Cardington, Ohio 43315.

**Glendale Union Cemetery** - The Village and Cardington Township participate in the Glendale Union Cemetery, a jointly governed organization created under the laws of the State of Ohio. The Glendale Union Cemetery provides ground maintenance, opening, and closing of graves, and the sale of grave lots. The Cemetery is directed by a three-member Board of Trustees appointed by the Cardington Township Trustees and the Cardington Village Council. Financial information is available from the Clerk/Treasurer, P.O. Box 86, Cardington, Ohio 43315.

**Note 13 – Subsequent Event**

In June 2019, the Village received approval of a \$1,114,542 loan from the Ohio EPA's Water Supply Revolving Loan Account to fund its water treatment plant upgrade project. The loan will be repaid in semi-annual installments over a 15 year period at an interest rate of 1.16%. The estimated date of project completion is November 2020, with initial loan payments to begin in 2021.

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88 East Broad Street, 5<sup>th</sup> Floor  
Columbus, Ohio 43215-3506  
(614) 466-3402 or (800) 443-9275  
CentralRegion@ohioauditor.gov

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

Village of Cardington  
Morrow County  
215 Park Avenue  
Cardington, Ohio 43315

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Cardington, Morrow County, Ohio, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated September 23, 2019; wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village’s internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village’s internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village’s financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village'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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

September 23, 2019

**Village Offices**  
 215 Park Avenue  
 P.O. Box 10  
 Cardington, OH 43315

419.864.7607  
 419.864.0536 (fax)  
 419.864.8888 (police)



**Mayor**  
 Susan A Peyton  
**Village Administrator**  
 Danny Wood  
**Fiscal Officer & Village Manager**  
 Debra K. Fry

[www.cardington.org](http://www.cardington.org)

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 DECEMBER 31, 2018 AND 2017**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2016-001	Financial Statement Presentation – Material Weakness  (Finding was first issued in 2012.)	Partially Corrected	Finding has been partially corrected and a similar comment is being reported in the current audit Management Letter.

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**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  
OCTOBER 22, 2019**