



**DUDLEY TOWNSHIP
HARDIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

DUDLEY TOWNSHIP
HARDIN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Dudley Township
Hardin County
19213 Co. Rd. 144
Kenton, OH 43326

To the Board of Trustees:

We have audited the accompanying financial statements of Dudley Township, Hardin County (the Township), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 audit 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 audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2001, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

March 7, 2001

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**DUDLEY TOWNSHIP
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$10,931	\$24,673	\$35,604
Intergovernmental	21,673	64,020	85,693
Licenses, Permits, and Fees	690		690
Earnings on Investments	2,272	1,441	3,713
Other Revenue	447	860	1,307
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	36,013	90,994	127,007
Cash Disbursements:			
Current:			
General Government	40,613		40,613
Public Works	1,415	59,588	61,003
Health	9,754		9,754
Capital Outlay	987		987
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	52,769	59,588	112,357
Total Receipts Over/(Under) Disbursements	(16,756)	31,406	14,650
Fund Cash Balances, January 1	44,461	37,270	81,731
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$27,705</u>	<u>\$68,676</u>	<u>\$96,381</u>

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

**DUDLEY TOWNSHIP
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$9,524	\$27,357	\$36,881
Licenses, Permits, and Fees	590		590
Intergovernmental	23,818	66,722	90,540
Earnings on Investments	1,582	670	2,252
Other Revenue	2,255	450	2,705
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	37,769	95,199	132,968
Cash Disbursements:			
Current:			
General Government	26,908		26,908
Public Safety		9,357	9,357
Public Works	712	59,558	60,270
Health	7,377	50	7,427
Capital Outlay	1,409	888	2,297
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	36,406	69,853	106,259
Total Receipts Over Disbursements	<hr/>	<hr/>	<hr/>
	1,363	25,346	26,709
Other Financing Receipts/(Disbursements):			
Advances-In	15,000	15,000	30,000
Advances-Out	(15,000)	(15,000)	(30,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	1,363	25,346	26,709
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	43,098	11,924	55,022
Fund Cash Balances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$44,461	\$37,270	\$81,731

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

**DUDLEY TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit, and savings accounts are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Road and Bridge Fund - This fund received property tax monies for constructing, maintaining, and repairing Township roads.

**DUDLEY TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled, and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand Deposits	\$23,072	(\$5,240)
Savings Accounts	29,755	45,948
Certificate of Deposit	43,138	40,633
Total Deposits	95965	81,341
STAR Ohio	<u>416</u>	<u>390</u>
Total Deposits and Investments	<u>\$96,381</u>	<u>\$81,731</u>

Deposits: Deposits are insured by the National Credit Union Share Insurance Fund.

**DUDLEY TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

The Township has its demand deposits, savings accounts, and certificate of deposit in a credit union which is not an eligible depository per Ohio Rev. Code Section 135.03.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$23,382	\$36,013	\$12,631
Special Revenue	86,661	90,994	4,333
Total	\$110,043	\$127,007	\$16,964

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$69,573	\$52,769	\$16,804
Special Revenue	132,698	59,588	73,110
Total	\$202,271	\$112,357	\$89,914

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$25,755	\$37,769	\$12,014
Special Revenue	86,318	95,199	8,881
Total	\$112,073	\$132,968	\$20,895

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$65,380	\$36,406	\$28,974
Special Revenue	97,178	69,853	27,325
Total	\$162,558	\$106,259	\$56,299

The Township recorded some receipts in the incorrect fund which violates Ohio Rev. Code Section 5705.10.

**DUDLEY TOWNSHIP
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions.

Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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

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

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries during the audit period. The Township contributed an amount equal to 13.55% of participants' gross salaries from January 1, 1999 to June 30, 2000. From July 1, 2000 to December 31, 2000, the Township contributed an amount equal to 8.13% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- Township Property
- Township Automobile
- Public Official's Liability
- General Liability

The Township contributes \$50.00 per month toward the monthly life insurance premium for each elected official and the elected official pays the balance of the payment. Life insurance is provided through American General Life Insurance Company.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Dudley Township
Hardin County
19213 Co. Rd. 144
Kenton, OH 43326

To the Board of Trustees:

We have audited the accompanying financial statements of Dudley Township, Hardin County (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 7, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-40233-001 and 2000-40233-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 7, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 7, 2001.

Dudley Township
Hardin County
Report of Independent Accountants on Compliance and on
Internal Controls Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

March 7, 2001

**DUDLEY TOWNSHIP
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER	2000-40233-001
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Noncompliance Citation

Ohio Rev. Code Section 5705.10 states that all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made, and all revenue derived from a source other than general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

The Township incorrectly posted the following items to the General Fund during 1999: Fire Fund taxes, Road and Bridge taxes, and Cemetery lot fees. During 2000, the Township incorrectly posted Cemetery Fund lot fees to the General Fund, and General Fund taxes to the Road and Bridge Fund.

The client has made the necessary adjustments to increase/decrease fund balances to properly reflect these amounts. The financial statements in this report reflect these adjustments. These adjustments had the following effect upon the respective fund type balances:

	General Fund	Special Revenue
1999	\$1,027	(\$1,027)
2000	\$1,187	(\$1,187)

FINDING NUMBER	2000-40233-002
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Ohio Rev. Code Section 135.03 states eligible depositories include national banks and banks defined in ORC Section 1101.01. Ohio Rev. Code Section 1101.01(B) states that a "Bank" means a corporation that solicits, receives, or accepts money or its equivalent for deposit as a business, whether the deposit is made by check or is evidenced by a certificate of deposit, passbook, note, receipt, ledger card, or otherwise. "Bank" also includes a state bank or a corporation doing business as a bank or savings bank under authority granted by the bank regulatory authority of another state of the United States or another country, but does not include a savings association, savings bank, or credit union.

The Township had their checking account, savings accounts, and certificates of deposit invested with a local credit union which is not a eligible depository.

All Township funds should be deposited in institutions that are eligible per this code section.

**DUDLEY TOWNSHIP
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-40233-001	Ohio Rev. Code 5704.41 (D) Expenditures were not prior certified.	Yes	
1998-40233-002	In 1998 a payroll journal was not provided for Audit.	Yes	
1998-40233-003	The expenditure journals were not detailed and required reclassification of line items.	Yes	
1998-40233-003	Purchase Orders were not available for audit.	Yes	



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OFFICE OF THE AUDITOR

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DUDLEY TOWNSHIP

HARDIN 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
MAY 1, 2001**