

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

*Financial Statements  
(Audited)*

For The Years Ended  
December 31, 2008 and 2007

**MARCELLA JENNINGS, FISCAL OFFICER**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Dudley Township  
15334 Township Road 199  
Kenton, Ohio 43326

We have reviewed the *Independent Auditor's Report* of Dudley Township, Hardin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 17, 2009

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**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Independent Auditor's Report**

Dudley Township  
Hardin County, Ohio  
15334 Township Road 199  
Kenton, Ohio 43326

We have audited the accompanying financial statements of Dudley Township, Hardin County, Ohio, as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of Dudley 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. 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 more fully in Note 2, Dudley Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require Dudley Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. While Dudley Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. Dudley Township has elected not to reformat its statements. Since Dudley Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

Independent Auditor's Report  
Dudley Township  
Page 2

In our opinion, because of the effects of the matters discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Dudley Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of Dudley Township, Hardin County, Ohio, as of December 31, 2008 and 2007 and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting Note 2 describes.

The aforementioned revision to generally accepted accounting principles also requires Dudley Township to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. Dudley Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2009 on our consideration of Dudley Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Julian & Grube, Inc.  
May 1, 2009

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES  
ALL FUND TYPES  
DECEMBER 31, 2008 AND 2007

<u>Cash and Cash Equivalents</u>	2008	2007
Cash and Cash Equivalents	\$ 169,250	\$ 119,144
Total Cash and Cash Equivalents	\$ 169,250	\$ 119,144
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 18,839	\$ 31,376
Special Revenue Funds	150,411	87,258
Total Governmental Fund Types	169,250	118,633
<u>Fiduciary Fund Type:</u>		
Private Purpose Trust Fund	-	511
Total Fund Balances	\$ 169,250	\$ 119,144

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Property and other local taxes	\$ 19,290	\$ 25,763	\$ 45,053
License, permits, and fees	3,600	-	3,600
Intergovernmental	29,338	106,824	136,162
Earnings on investment	117	296	414
Miscellaneous	255	850	1,105
Total cash receipts	<u>52,600</u>	<u>133,733</u>	<u>186,334</u>
Cash disbursements:			
Current:			
General government	42,938	-	42,938
Public works	1,419	68,965	70,385
Health	19,652	807	20,460
Human services	350	-	350
Capital outlay	777	1,318	2,095
Total cash disbursements	<u>65,137</u>	<u>71,091</u>	<u>136,228</u>
Total cash receipts over/(under) cash disbursements	<u>(12,537)</u>	<u>62,642</u>	<u>50,106</u>
Other financing receipts/(disbursements):			
Operating transfers in	-	511	511
Total other financing receipts/(disbursements)	<u>-</u>	<u>511</u>	<u>511</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(12,537)	63,153	50,617
Cash fund balances, January 1, 2008	<u>31,376</u>	<u>87,258</u>	<u>118,633</u>
Cash fund balances, December 31, 2008	<u>\$ 18,839</u>	<u>\$ 150,411</u>	<u>\$ 169,250</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH  
FUND BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Fiduciary Fund Type
	Private Purpose Trust
Transfers out	\$ (511)
Net gain/(loss)	(511)
Cash fund balances, January 1, 2008	511
Cash fund balances, December 31, 2008	\$ -

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DUDLEY TOWNSHIP  
HARDEN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2008

Fund Types	Receipts					Disbursements					Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2008 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2008 Appropriations	Total	Actual 2008 Disbursements	Encumbrances Outstanding at 12/31/08		Total
<b>Governmental:</b>												
General	\$ 30,657	\$ 54,431	\$ 85,088	\$ 52,203	\$ (2,228)	\$ -	\$ 85,088	\$ 85,088	\$ 64,740	\$ -	\$ 64,740	\$ 20,348
Special Revenue	87,977	131,083	219,060	134,244	3,161	-	219,060	219,060	71,091	-	71,091	147,969
<b>Proprietary:</b>												
Private Purpose Trust	511	-	511	-	-	-	511	511	511	-	511	-
<b>Total</b>	<u>\$ 119,145</u>	<u>\$ 185,514</u>	<u>\$ 304,659</u>	<u>\$ 186,447</u>	<u>\$ 933</u>	<u>\$ -</u>	<u>\$ 304,659</u>	<u>\$ 304,659</u>	<u>\$ 136,342</u>	<u>\$ -</u>	<u>\$ 136,342</u>	<u>\$ 168,317</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Property and other local taxes	\$ 20,996	\$ 24,342	\$ -	\$ 45,339
License, permits, and fees	3,450	-	-	3,450
Intergovernmental	51,378	105,504	36,106	192,987
Earnings on investment	1,022	1,194	-	2,216
Miscellaneous	-	700	-	700
Total cash receipts	76,846	131,740	36,106	244,692
Cash disbursements:				
Current:				
General government	36,369	-	-	36,369
Public safety	188	-	-	188
Public works	1,628	150,597	-	152,226
Health	21,637	3,100	-	24,737
Human services	385	-	-	385
Other	1,212	-	-	1,212
Capital outlay	830	412	36,106	37,348
Total cash disbursements	62,249	154,110	36,106	252,464
Total cash receipts over/(under) cash disbursements	14,598	(22,369)	-	(7,772)
Cash fund balances, January 1, 2007	16,778	109,627	-	126,405
Cash fund balances, December 31, 2007	\$ 31,376	\$ 87,258	\$ -	\$ 118,633

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH  
FUND BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
Cash fund balance, January 1, 2007	<u>\$ 511</u>
Cash fund balance, December 31, 2007	<u><u>\$ 511</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DUDLEY TOWNSHIP  
HARDEN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2007

Fund Types	Receipts				Disbursements						Variance Favorable (Unfavorable)	
	County Certified Uncumbered Cash	Budget	Total Estimated Resources	Actual 2007 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2007 Appropriations	Total	Actual 2007 Disbursements	Encumbrances Outstanding at 12/31/07		Total
<b>Governmental:</b>												
General	\$ 16,778	\$ 57,929	\$ 74,707	\$ 76,846	\$ 18,917	\$ -	\$ -	\$ -	\$ 62,249	\$ -	\$ 62,249	\$ (62,249)
Special Revenue	109,627	131,883	241,510	131,740	(443)	-	-	-	154,110	-	154,110	(154,110)
Capital Projects	-	28,300	28,300	36,106	7,806	-	-	-	36,106	-	36,106	(36,106)
<b>Fiduciary:</b>												
Private Purpose Trust	511	-	511	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 126,405</b>	<b>\$ 218,112</b>	<b>\$ 344,517</b>	<b>\$ 244,692</b>	<b>\$ 26,580</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 252,464</b>	<b>\$ -</b>	<b>\$ 252,464</b>	<b>\$ (252,464)</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 1 - DESCRIPTION OF THE ENTITY**

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

The Township participates in three jointly governed organizations (See Note 10) and a public entity risk pool (see Note 8).

Jointly Governed Organizations

BKP Ambulance District provides emergency medical services to local governments.

The Southeast Hardin Northwest Union Joint Fire District provides fire protection to local governments.

The Hardin County Regional Planning Commission coordinates grant writing and zoning with Hardin County.

Public Entity Risk Pool

Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The most significant of the Township’s accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

Governmental Fund Types

General Fund

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

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Special Revenue Fund Type

These funds are used to account for proceeds of specific revenue sources (other than from trusts or for capital projects) that are legally 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 receives property tax revenues which are used for constructing, maintaining and repairing Township roads and bridges.

Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds).

The Township had the following significant capital projects fund:

*Issue II Fund* - This fund uses proceeds of pass-through grants for storm sewer and road repair construction improvements from Hardin County.

Fiduciary Funds

Fiduciary funds include private purpose trust 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 Township's own programs.

The Township's private purpose trust fund is the Coutu Cemetery Bequest. The principal is maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**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.



**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the object level within a department and fund. Any budgetary modifications at this level may only be made by resolution of the Township's Board of Trustees.

*Tax Budget:*

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except certain agency funds, are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Township receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Township determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Township must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

*Appropriations:*

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the legal 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. Unencumbered appropriations lapse at year end.

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Encumbrances:*

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Township did not have any outstanding encumbrances at December 31, 2008 and 2007.

**D. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

For reporting purposes, the Township considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Township totaled \$414 and \$2,216 for the years ended December 31, 2008 and 2007, respectively.

**E. PROPERTY, PLANT AND EQUIPMENT**

Capital assets are not capitalized in any of the Township's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded by the Township.

**F. INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Township's cash basis method of accounting.

**G. INTERFUND TRANSACTIONS**

During the course of normal operations, the Township had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers.

**H. TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 3 - CASH AND CASH EQUIVALENTS**

The Township maintains a cash and investment pool used by all funds except the non-expendable trust fund which is maintained in a segregated bank account. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2008	2007
Demand deposits	\$ 169,250	\$ 119,144

*Deposits:* Deposits are insured by the Federal Deposit Insurance Corporation.

**NOTE 4 - COMPLIANCE**

- A. The Township was unable to provide evidence of permanent appropriations for the year ended December 31, 2007 in noncompliance with Ohio Revised Code Section 5705.38.
- B. The Township had expenditures in excess of appropriations for the year ended December 31, 2007 and throughout the year in noncompliance with Ohio Revised Code Sections 5705.41(B) and 5705.40.

**NOTE 5 - INTERFUND TRANSACATIONS**

The Township had the following interfund transactions for the year ended December 31, 2008:

Fund Type/Fund	Transfer In	Transfer Out
<u>Special Revenue Fund Type:</u>		
Cemetery Fund	\$ 511	\$ -
<u>Fiduciary Fund Type:</u>		
Private Purpose Trust	-	511
 Total	 \$ 511	 \$ 511

The Township obtained Common Pleas Court approval to transfer these funds.

The transfers for the year ended December 31, 2008 were made in accordance with the Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**NOTE 6 - PROPERTY TAX**

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

In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory. This percentage was reduced to 12.5% for 2007, 6.25% for 2008, and will be zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Township due to the phasing out of the tax. In calendar years 2006-2010, the Township will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

**NOTE 7 - RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, members of OPERS participants contributed 10% and 9.5% of their wages, respectively. For 2008 and 2007, the Township contributed an amount equal to 14% and 13.85% of their wages to OPERS, respectively. The Township has paid all contributions required through December 31, 2008 and 2007.

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 8 - RISK MANAGEMENT**

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 8 - RISK MANAGEMENT - (Continued)**

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$7,081. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**Contributions to OTARMA**

2008	\$ 2,030
2007	2,076
2006	2,529

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 8 - RISK MANAGEMENT - (Continued)**

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**NOTE 9 - CONTINGENT LIABILITIES**

The Township is not currently involved in litigation.

**NOTE 10 - JOINTLY-GOVERNED ORGANIZATIONS**

**A. BKP Ambulance District**

The BKP Ambulance District, Hardin County (the District) 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 District is directed by an appointed seven-member Board of Trustees who are from the participating subdivisions, Buck Township, Dudley Township, Dudley Township, Goshen Township, Lynn Township, Pleasant Township, and the City of Kenton. The District provides ambulance services to the citizens within the District. Financial information can be obtained from Vicki Collins, BKP Ambulance District, 439 South Main Street, Kenton, Ohio 43326.

**B. Southeast Hardin Northwest Union Joint Fire District**

The Southeast Hardin Northwest Union Joint Fire District, Hardin County, (the Fire District) 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 Fire District is directed by an appointed four member Board of Trustees. One Board Member is appointed by each political subdivision within the Fire District which consists of Dudley Township and Hale Township in Hardin County, Washington Township in Union County, and the Township of Mount Victory, in Hardin County. The Fire District provides fire protection within the Fire District. Financial information can be obtained from Peggy Eastman, Southeast Hardin Northwest Union Joint Fire District, P.O. Box 123, Mt. Victory, Ohio 43340.

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

**NOTE 10 - JOINTLY-GOVERNED ORGANIZATIONS - (Continued)**

**C. Hardin County Regional Planning Commission**

The Hardin County Regional Planning Commission (the Commission) is a joint venture between the County, the Municipalities, and the Townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty-seven members, any of which may hold any other public office. The Township is represented by one member.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute an assessment per capita, according to the latest federal census, in any calendar year in which the revenue is needed.





**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

Dudley Township  
Hardin County, Ohio  
15334 Township Road 199  
Kenton, Ohio 43326

We have audited the financial statements of Dudley Township, Hardin County, Ohio, as of and for the years ended December 31, 2008 and 2007 and have issued our report thereon dated May 1, 2009, wherein we noted Dudley Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Dudley Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of Dudley Township's financial statements that is more than inconsequential will not be prevented or detected by Dudley Township's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as item 2008-DT-001 to be a significant deficiency in internal control over financial reporting.

Board of Trustees  
Dudley Township

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Dudley Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

#### Compliance and Other Matters

As part of reasonably assuring whether Dudley Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2008-DT-002, 2008-DT-003 and 2008-DT-004.

We noted certain matters that we reported to the management of Dudley Township in a separate letter dated May 1, 2009.

Dudley Townships' responses to the findings identified in our audit are described in the accompanying schedule of Findings and Responses. We did not audit Dudley Townships' responses and, accordingly, we express no opinion on them.

This report is intended for the information of the Board of Trustees and management of Dudley Township and is not intended to be and should not be used by anyone other than those specified.



Julian & Grube, Inc.  
May 1, 2009

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2008 AND 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
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Finding Number	2008-DT-001
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Significant Deficiency/Material Weakness

The Township had receipts and disbursements that were posted incorrectly in accordance with the Township handbook and the Ohio Revised Code.

The following adjustments were necessary to properly state the Township's December 31, 2007 financial statements:

General Fund: Increase of fund balance in the amount of \$719 due to recording of all tax settlement auditor and treasurer fees in the General Fund.

Road and Bridge Fund: Decrease fund balance in the amount of \$719 due to recording of all tax settlement auditor and treasurer fees in the General Fund.

The following adjustments were necessary to properly state the Township's December 31, 2008 financial statements:

General Fund: Increase general government expense and increase property tax receipts in the amount of \$427 due to recording tax distribution net of auditor and treasurer fees.

Road and Bridge Fund: Increase public works expense and increase property tax receipts in the amount of \$583 due to recording tax distribution net of auditor and treasurer fees.

General Fund: Increase in fund balance in the amount of \$397 due to recording of all tax settlement auditor and treasurer fees in the General Fund.

Road and Bridge Fund: Decrease in fund balance in the amount of \$397 due to recording of all tax settlement auditor and treasurer fees in the General Fund.

The audited financial statements and the client's records have been adjusted for the above misstatements.

In general, an accounting and information system should be designed to provide management with accurate and timely financial information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.

We recommend the Township Fiscal Officer review the Township Manual and attend Auditor of State training.

Client Response: The Fiscal Officer was new in 2008. She has attended training and will make an additional effort to ensure receipts are properly classified.

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2008 AND 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
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Finding Number	2008-DT-002
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Ohio Revised Code Section 5705.38 requires local governments to file an appropriation measure on or about the first day of the year. An entity has the option to postpone the permanent appropriation until April 1<sup>st</sup>; however, a temporary measure must be passed.

The Township did not pass a temporary or permanent appropriations measure for the year ended December 31, 2007.

The Township is not able to effectively budget, nor legally spend monies without an appropriation measure (temporary or permanent) in place.

We recommend the Township prepare a tickler file to ensure appropriation measures are passed in a timely manner. We further recommend that the Board of Trustees consider approving temporary appropriations if it is anticipated that approved permanent appropriations will be delayed until April 1<sup>st</sup>.

*Client Response:* The current Fiscal Officer began on April 1, 2008. The Township did properly evidence the passage of permanent and temporary appropriations in the Board of Trustee minutes for 2008.

Finding Number	2008-DT-003
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Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Board resolution and comply with the same provisions of the law as used in making the original appropriations.

Expenditures exceeded appropriations in all funds during 2007 due to the Township not timely or properly approving permanent appropriations.

By not timely and properly modifying the Township's appropriations, the Township is not adequately monitoring appropriations versus expenditures. With expenditures exceeding appropriations, overspending may occur which may result in a negative fund balance.

We recommend that the Township comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

*Client Response:* The current Fiscal Officer began on April 1, 2008. Fiscal year 2008 annual appropriations were approved and modified and monitored for compliance.

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2008 AND 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2008-DT-004

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

The Township had expenditures exceeding appropriations in all funds during the year ended December 31, 2007 due to not passing any appropriation measures.

With expenditures exceeding appropriations, the Township is expending monies that have not been appropriated and approved by the Board of Trustees. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend that the Township comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

Client Response: The current Fiscal Officer began on April 1, 2008. The Board of Trustees is approving appropriations by the required deadline.

**DUDLEY TOWNSHIP  
HARDIN COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid</b>
2006-001	Ohio Revised Code Section 135.03 requires deposits to be maintained in an eligible depository.	Yes	N/A
2006-002	Ohio Revised Code Section 135.18 requires treasurers of political subdivisions to require that the subdivision's depository provide adequate security for the funds on deposit at all times.	Yes	N/A



Mary Taylor, CPA  
Auditor of State

**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  
JUNE 30, 2009**