



**Auditor of State
Betty Montgomery**

**LUDLOW TOWNSHIP
WASHINGTON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Ludlow Township
Washington County
1795 Tice Run Road
New Matamoras, Ohio 45767

To the Board of Trustees:

We have audited the accompanying financial statements of the Ludlow Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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 and reserves for encumbrances of Ludlow Township, Washington County, as of December 31, 2003 and 2002, 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 August 31, 2004 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.

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This report is intended solely for the information and use of the audit committee, management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 31, 2004

**LUDLOW TOWNSHIP
WASHINGTON COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$7,503	\$4,790	\$	\$12,293
Intergovernmental Receipts	32,634	82,432	358,818	473,884
Earnings on Investments	1,280	360		1,640
Total Cash Receipts	<u>41,417</u>	<u>87,582</u>	<u>358,818</u>	<u>487,817</u>
Cash Disbursements:				
Current:				
Public Works	1,540	97,947		99,487
Public Health Services	2,523			2,523
General Government	58,972			58,972
Capital Outlay		2,000	460,175	462,175
Total Cash Disbursements	<u>63,035</u>	<u>99,947</u>	<u>460,175</u>	<u>623,157</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(21,618)</u>	<u>(12,365)</u>	<u>(101,357)</u>	<u>(135,340)</u>
Other Financing Receipts/(Disbursements):				
Other Financing Sources	2,188			2,188
Total Other Financing Receipts/(Disbursements)	<u>2,188</u>	<u>0</u>	<u>0</u>	<u>2,188</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(19,430)	(12,365)	(101,357)	(133,152)
Fund Cash Balances, January 1	39,235	74,844	110,560	224,639
Fund Cash Balances, December 31	<u><u>\$19,805</u></u>	<u><u>\$62,479</u></u>	<u><u>\$9,203</u></u>	<u><u>\$91,487</u></u>
Reserves for Encumbrances, December 31	<u>\$15</u>	<u>\$136</u>	<u>\$0</u>	<u>\$151</u>

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

**LUDLOW TOWNSHIP
WASHINGTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$7,524	\$4,825	\$	\$12,349
Intergovernmental Receipts	31,694	105,852	180,403	317,949
Earnings on Investments	2,992	1,258		4,250
Total Cash Receipts	<u>42,210</u>	<u>111,935</u>	<u>180,403</u>	<u>334,548</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	500			500
Public Health Services	2,447			2,447
Public Works	3,042	121,567		124,609
General Government	53,613			53,613
Capital Outlay	346		86,170	86,516
Total Cash Disbursements	<u>59,948</u>	<u>121,567</u>	<u>86,170</u>	<u>267,685</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(17,738)</u>	<u>(9,632)</u>	<u>94,233</u>	<u>66,863</u>
Fund Cash Balances, January 1	<u>56,973</u>	<u>84,476</u>	<u>16,327</u>	<u>157,776</u>
Fund Cash Balances, December 31	<u>\$39,235</u>	<u>\$74,844</u>	<u>\$110,560</u>	<u>\$224,639</u>
Reserves for Encumbrances, December 31	<u>\$45</u>	<u>\$136</u>	<u>\$10,186</u>	<u>\$10,367</u>

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

**LUDLOW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ludlow Township, Washington 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 and a publicly-elected Clerk. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the Graysville Volunteer Fire Department and the Little Muskingum Fire Department to provide fire and emergency 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. 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 for constructing, maintaining and repairing Township roads.

Permissive Sales Tax Fund – This fund receives funds from Washington County through the one-half percent sales tax for constructing, repairing and maintaining Township roads and bridges.

**LUDLOW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Capital Project Funds

These funds are 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 capital project fund:

Ohio Public Works Commission Fund – This fund received grant monies from the Ohio Public Works Commission for a culvert replacement and road paving projects in which the Township was the fiscal agent for two other townships and Washington County.

D. 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 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.

2. 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 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 carried over and need not be re-appropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

E. 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.

**LUDLOW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH

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

	2003	2002
Demand Deposits	\$91,487	\$224,639

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution of the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,469	\$43,605	(\$2,864)
Special Revenue	117,295	87,582	(29,713)
Capital Projects	606,086	358,818	(247,268)
Total	\$769,850	\$490,005	(\$279,845)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$81,838	\$63,050	\$18,788
Special Revenue	144,448	100,083	44,365
Capital Projects	631,810	460,175	171,635
Total	\$858,096	\$623,308	\$234,788

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,534	\$42,210	\$11,676
Special Revenue	183,430	111,935	(71,495)
Capital Projects	713,897	180,403	(533,494)
Total	\$927,861	\$334,548	(\$593,313)

**LUDLOW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$80,121	\$59,993	\$20,128
Special Revenue	175,292	121,703	53,589
Capital Projects	717,127	96,356	620,771
Total	<u>\$972,540</u>	<u>\$278,052</u>	<u>\$694,488</u>

Contrary to Ohio Revised Code, during 2003 the Permissive Sales Tax Fund, Special Revenue Fund type, had expenditures that exceeded appropriations. Also, during 2002 and 2003, the Township did not obtain a reduced amended certificate for the Public Works Commission Project Fund, Capital Projects Fund type.

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.

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 elected officials and employees belong to the Ohio Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 2003 and 2002, OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Risk Pool Membership

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.

**LUDLOW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss 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 \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 Township.

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:

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained earnings	\$16,000,923	\$14,559,524

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	(750,956)	(1,204,326)
Retained earnings	\$6,040,104	\$5,392,670

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Auditor of State Betty Montgomery

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

Ludlow Township
Washington County
1795 Tice Run Road
New Matamoras, Ohio 45767

To the Board of Trustees:

We have audited the financial statements of Ludlow Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 31, 2004, wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit, of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 *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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2003-001, 2003-002 and 2003-003. We also we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 31, 2004.

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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2003-004.

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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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

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



Betty Montgomery
Auditor of State

August 31, 2004

**LUDLOW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Finding Repaid Under Audit

Ohio Rev. Code Section 507.09 provides that in a township having a budget of more than \$250,000 but not more than \$500,000, the compensation for 2002 for a township clerk is to be \$11,143/annually; in a township having a budget of more than \$500,000 but not more than \$750,000, the compensation for 2002 for a township clerk is to be \$12,381/annually; in a township having a budget of more than \$750,000 but not more than \$1,500,000, the compensation for 2002 for a township clerk is to be \$14,857/annually.

During 2002, the Township obtained amended certificates of estimated resources that increased the Township's budget allowing the Township Clerk to be paid at a higher monthly rate. The Township Clerk paid her salary at the wrong rates for July, August, and September 2002, resulting in an overpayment.

<u>Amended Certificate in effect</u>	<u>Budget Range</u>	<u>Pay Range</u>
1/1/02-7/18/02 (\$390,015)	\$250,000-\$500,000	\$11,143/annual
7/19/02-8/22/02 (\$570,418)	\$500,000-\$750,000	\$12,381/annual
8/23/02-12/31/02 (\$1,076,018)	\$750,000-\$1,500,000	\$14,857/annual

2002

		<u>Amount Due</u>	
1/1/02-7/18/02	6.67 months	\$6,193.63	(\$11,143/12=\$928.58/monthly)
7/19/02-8/22/02	1.0 months	\$1,031.75	(\$12,381/12=\$1,031.75monthly)
8/23/02-12/31/02	4.33 months	<u>\$5,360.89</u>	\$14,857/12=\$1,238.08/monthly)

Amount Due \$12,586.27

Amount Paid \$12,793.63

Overpayment \$ 207.36

A Finding for Recovery is hereby issued against Jeanetta Berentz, Clerk, and her surety company, Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$207.36 and in favor of the Ludlow Township, Washington County's General Fund. The Township Clerk paid \$207.36 to the Ludlow Township, Washington County General Fund on August 31, 2004.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated

The Township generated checks during January and February 2003, and January, February and March 2002 without a temporary or permanent appropriation measure being approved. The Township's Board of Trustees did not pass the permanent appropriation measures until February 28, 2003 and March 21, 2002.

**LUDLOW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2003-002 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41(B) (Continued)

In addition, the Township had expenditures which exceeded appropriations in the Permissive Sales Tax Fund, Special Revenue Fund type, at December 31, 2003.

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Permissive Sales Tax	\$0	\$11,506	(\$11,506)

We recommend the Township Clerk modify appropriations with the Board of Trustees and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Township Clerk should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure or approved a temporary or permanent appropriation measure.

FINDING NUMBER 2003-003

Noncompliance Citation

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

During July 2002, the Township signed an agreement with the Ohio Public Works Commission (OPWC) to be the fiscal agent for a Road & Culvert Improvement Project for two other Townships and Washington County in the amount of \$713,897. In July 2002, the Township obtained an Amended Official Certificate of Estimated Resources in the amount of \$180,403 for the local share of the project and in August 2002, the Township obtained an Amended Official Certificate of Estimated Resources in the amount of \$505,600 for the OPWC share of the project. At December 1, 2002, the Township only had \$180,403 of available resources which consisted of the local match shares paid to the Township. No OPWC monies would be received in 2002. The Township did not obtain a reduced amended certificate when it became apparent that available resources would not be in an amount to support the appropriation measure.

During 2003, the Public Works Commission Project Fund, Capital Projects Fund type, started the year with estimated resources of \$707,296 which was reasonable as compared to Ohio Public Works Commission funding of \$505,600 and remaining monies from the local share match of \$138,297. The project was completed around June 2003 and total funding amounted to \$350,491 from Ohio Public Works Commission and \$123,146 from local matches, for a total of \$473,637. At June 30, 2003, after the completion of the project, the Township had total available resources of \$374,877. The Township did not obtain a reduced amended certificate when it became apparent that available resources would not be in an amount to support the appropriation measure.

**LUDLOW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2003-003 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.36 (Continued)

We recommend the Township amend the Certificate of Estimated Resources when it becomes apparent the available resources will not be able to support the appropriations as passed. Township officials should be cognizant of the fact that the Certificate of Estimated Resources is used as the basis for Township elected officials compensation. In budgeting more estimated receipts than the Township expects to receive, the Township runs the risk of over compensating the elected officials.

FINDING NUMBER 2003-004

Reportable Condition

The Township did not have a control in place to ensure that appropriations and amended certificates of estimated resources as authorized by the Board of Trustees are properly posted to appropriation ledger and to the receipts ledger.

As result, the budgetary amounts passed by the legislative authority did not agree to the amounts posted in the financial records.

We recommend that procedures be implemented to ensure that legislatively approved appropriations and estimated receipts be accurately posted to the appropriation and receipt ledgers.

**LUDLOW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

<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>
2001-41084-001	Ohio Rev. Code Section 505.24 requires trustee's salaries to be paid from the General Fund or from other Township funds in such proportions as Board specifies by resolution.	No	Not Corrected – reported in the Management Letter
2001-41084-002	Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated	No	Not Corrected; Repeated as Finding 2003-002
2001-41084-003	Reportable Condition-The Township did not have a control in place to ensure that appropriations and amended certificates of estimated resources as authorized by the Board of Trustees are reconciled to appropriations and estimated resources that were posted to the accounting system	No	Not Corrected; Repeated as Finding 2003-004



**Auditor of State
Betty Montgomery**

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LUDLOW TOWNSHIP

WASHINGTON 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 12, 2004**