



**MADISON TOWNSHIP
MUSKINGUM COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Madison Township
Muskingum County
1975 Mollies Rock Road
Dresden, Ohio 43821

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Muskingum County, Ohio (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 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. 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 Madison Township, Muskingum County, 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 June 19, 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, 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.

Jim Petro
Auditor of State

June 19, 2001

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**MADISON TOWNSHIP
MUSKINGUM COUNTY**

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

	Governmental Fund Types			Fiduciary Funds		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Expendable Trust	Nonexpendable Trust	
Cash Receipts:						
Local Taxes	\$2,591	\$12,271	\$	\$	\$	\$14,862
Intergovernmental	22,930	59,076				82,006
Licenses, Permits, and Fees		200				200
Earnings on Investments	1,122	418			112	1,652
Total Cash Receipts	26,643	71,965	0	0	112	98,720
Cash Disbursements:						
Current:						
General Government	24,203	7,931				32,134
Public Safety		7,385				7,385
Public Works		37,321			220	37,541
Debt Service:						
Redemption of Principal			4,444			4,444
Interest and Fiscal Charges			452			452
Capital Outlay	1,380	8,556				9,936
Total Cash Disbursements	25,583	61,193	4,896	0	220	91,892
Total Cash Receipts Over/(Under) Cash Disbursements	1,060	10,772	(4,896)	0	(108)	6,828
Other Financing Receipts/(Disbursements):						
Sale of Fixed Assets	10,001					10,001
Total Other Financing Receipts/(Disbursements)	10,001	0	0	0	0	10,001
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	11,061	10,772	(4,896)	0	(108)	16,829
Fund Cash Balances, January 1	15,624	44,819	4,931	1,000	3,305	69,679
Fund Cash Balances, December 31	\$26,685	\$55,591	\$35	\$1,000	\$3,197	\$86,508

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

MADISON TOWNSHIP
MUSKINGUM COUNTY

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

	Governmental Fund Types			Fiduciary Funds		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Expendable Trust	Nonexpendable Trusts	
Cash Receipts:						
Local Taxes	\$2,800	\$13,978	\$	\$	\$	\$16,778
Intergovernmental	35,216	53,662	5,397			94,275
Earnings on Investments	919	351			155	1,425
Total Cash Receipts	38,935	67,991	5,397	0	155	112,478
Cash Disbursements:						
Current:						
General Government	29,737	3,548				33,285
Public Safety		7,696				7,696
Public Works		38,803				38,803
Debt Service:						
Redemption of Principal	8,889		4,444			13,333
Interest and Fiscal Charges			1,167			1,167
Capital Outlay	1,180	8,901				10,081
Total Cash Disbursements	39,806	58,948	5,611	0	0	104,365
Total Cash Receipts Over/(Under) Cash Disbursements	(871)	9,043	(214)	0	155	8,113
Fund Cash Balances, January 1	16,495	35,776	5,145	1,000	3,150	61,566
Fund Cash Balances, December 31	\$15,624	\$44,819	\$4,931	\$1,000	\$3,305	\$69,679

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

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Madison Township, Muskingum 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 and bridge maintenance, fire protection, and emergency management service. The Township contracts with the Village of Dresden and the Adamsville Community Volunteer Fire Department for fire protection services and emergency management 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.

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:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for maintaining and repairing Township roads.

Fire Fund - This fund receives property tax money for the Township fire protection and emergency management services.

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Note Retirement Fund - This fund is used to accumulate resources for the payment of debt related to the purchase of equipment.

4. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Funds:

Sarah Mahon Nonexpendable Cemetery Bequest Fund- This fund receives interest proceeds for the upkeep of the cemetery, including grave sites of the Mahon family.

Elinor King Expendable Cemetery Bequest Fund - This fund was established for the restoration of grave stones.

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 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 canceled, and reappropriated in the subsequent year.

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

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 deposits at December 31 was as follows:

	2000	1999
Deposits	\$86,508	\$69,679

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

3. PRIOR PERIOD RESTATEMENT

As a result of more accurate information becoming available, including the location of the bequest, the Elinor King Cemetery Bequest Fund has been reclassified as an Expendable Trust Fund Type. The resultant effect on the December 31, 1998 fund type balances is as follows:

Fund Type	Fund Type Balance at December 31, 1998	Restatement	Restated Fund Type Balance at December 31, 1998
Special Revenue Fund	\$ 36,776	\$ (1,000)	\$ 35,776
Expendable Trust Fund	\$ 0	\$ 1,000	\$ 1,000
Total	\$ 36,776	\$ 0	\$ 36,776

4. 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	\$31,174	\$36,644	\$5,470
Special Revenue	68,751	71,965	3,214
Debt Service	2	0	(2)
Expendable Trust	0	0	0
Nonexpendable Trust	154	112	(42)
Total	\$100,081	\$108,721	\$8,640

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

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

4. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,321	\$25,583	\$20,738
Special Revenue	114,486	61,193	53,293
Debt Service	4,896	4,896	0
Expendable Trust	0	0	0
Nonexpendable Trust	350	220	130
Total	\$166,053	\$91,892	\$74,161

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,067	\$38,935	(\$6,132)
Special Revenue	70,246	67,991	(2,255)
Debt Service	5,397	\$5,397	0
Expendable Trust	0	0	0
Nonexpendable Trust	141	155	14
Total	\$120,851	\$112,478	(\$8,373)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$43,865	\$39,806	\$4,059
Special Revenue	106,395	58,948	47,447
Debt Service	5,644	5,611	33
Expendable Trust	0	0	0
Nonexpendable Trust	175	0	175
Total	\$156,079	\$104,365	\$51,714

5. 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 payments, 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.

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

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

6. LEASE OBLIGATION

The Township's lease amount outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
1999 - Lease Obligation	\$10,611	6.75%

On December 14, 1999, the Township entered into an agreement to lease a backhoe to be used for Township road maintenance. This lease contains a provision for the option to buy the equipment at the end of the lease. The lease is being paid in annual installments of \$7,801, and includes a purchase option price of \$3,756.

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

Year ending December 31:	Lease
2001	\$7,801
2002	3,756
Total	\$11,557

Accountability and Compliance:

Effective September 20, 1999, Ohio Rev. Code § 5549.21 prohibited Townships from entering into leases with an option to buy.

7. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% and 13.55% for 2000 and 1999, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

8. RISK MANAGEMENT

The Government belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

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

8. RISK MANAGEMENT (Continued)

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

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The following risks are covered by the Plan:

- Comprehensive property and general liability
- Wrongful acts
- Automobile
- Bond
- Inland Marine
- Electronic Data Processing



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

Madison Township
Muskingum County
1975 Mollies Rock Road
Dresden Ohio 43821

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 19, 2001. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 19, 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 June 19, 2001.

Madison Township
Muskingum County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the 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

June 19, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MADISON TOWNSHIP

MUSKINGUM 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
AUGUST 9, 2001**