



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

January 19, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**MADISON TOWNSHIP
COLUMBIANA COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Madison Township
Columbiana County
PO Box 485
West Point, Ohio 44492

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Township, Columbiana County, Ohio (the Government), as of and for the year ended December 31, 2004, which collectively comprise the Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Government's management. Our responsibility is to express opinions 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 reasonably assure 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 processes its financial transactions with 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 our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Township, Columbiana County, Ohio, as of December 31, 2004, and the respective changes in cash financial position and the respective budgetary comparison for the General and Gasoline Tax Fund, Road & Bridge Fund, Road District Fund and Fire Levy Fund thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2004, the Government revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2006, on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Betty Montgomery
Auditor of State

June 27, 2006

Madison Township
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

This discussion and analysis of Madison Township's financial performance provides an overall review of the township's financial activities for the year ended December 31, 2004, within the limitations of the township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the township's financial performance.

Highlights

Key highlights for 2004 are as follows:

Net assets of the township increased \$ 44,908.11, or approximately 2%, a minor change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized the greatest increase in 2004.

The township's general receipts are primarily property taxes. These receipts represent 80% of the total cash received for governmental activities during the year. Property tax receipts for 2004 changed very little compared to 2003 as the economy within the township is poor and many individuals default on taxes.

Health insurance costs deeply impacted the township's general fund with a significant increase in premiums in 2004. To offset even higher health care premiums, significant cuts were made in coverage and co-pay amounts were increased. A modest twenty-five (25) cent per hour wage increase was granted to the township's two full time and one part time employees. The township's trustees worked diligently to stretch resources and adopted a conservative maintenance program for the entity's roads, culverts and ditches. In several instances, one trustee used his own excavation equipment at no cost to the township to assist in completing projects. Many times, trustees worked side by side with employees in an effort to clear major road blockages due to fallen trees, flooding, etc., also at no cost to the township.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the township-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Madison Township
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the township did financially during 2004, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the township's general receipts. The Township has no business type activities.

These statements report the township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the township's financial health. Over time, increases or decreases in the township's cash position is one indicator of whether the township's financial health is improving or deteriorating. When evaluating the township's financial condition, you should also consider other non-financial factors as well such as the township's property tax base, the condition of the township's capital assets and infrastructure, the extent of the township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, we divide the township into government activities. The Township has no business-type activities.

Governmental activities. Most of the township's basic services are for public works. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the township's major funds – not the township as a whole. The township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the township are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the township's governmental operations and the basic services it provides. Governmental fund information

Madison Township
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

helps determine whether there are more or less financial resources that can be spent to finance the township's programs. The township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road & Bridge Fund, Road District Fund and Fire Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Government. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Government's programs.

The Township as a Whole

Table 1 provides a summary of the Government's net assets for 2004 on a cash basis:

(Table 1)
Net Assets

	<u>Governmental Activities</u>
	2004
Assets	
Cash and Cash Equiva	235,922
Total Assets	235,922
 Net Assets	
Restricted for:	
Debt Service	4,782
Capital Outlay	
Other Purposes	181,840
Unrestricted	49,299
Total Net Assets	235,922

As mentioned previously, net assets of governmental activities increased \$ 44,908.11 or 2% percent during 2004. The primary reasons contributing to the low increases in cash balances are as follows:

- Slow growth in local tax receipts. Over the last five years, new construction has resulted in increases in assessed valuation. However, due to the slowing economy, growth has been reduced significantly.
- Increases in salaries based on current negotiated agreements.
- The township had several roads that were in very poor condition that needed extensive repairs costing in excess of \$10,000.

Madison Township
Management's Discussion and Analysis
For the Year Ended December 31, 2004
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- Health benefit costs grew substantially as several employees experienced significant health problems and reached higher cost age brackets.

Table 2 reflects the changes in net assets in 2004. Since the township did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)
Changes in Net Assets

	Governmental Activities 2004
Receipts:	
Program Receipts:	
Charges for Services and Sales	28,776
Operating Grants and Contributions	90,320
Total Program Receipts	119,096
General Receipts:	
Property and Other Local Taxes	347,076
Grants and Entitlements Not Restricted to Specific Programs	98,243
Interest	1,946
Miscellaneous	37,446
Total General Receipts	484,711
Total Receipts	603,808
Disbursements:	
General Government	254,118
Security of Persons and Property:	2,808
Public Health Services	8,730
Public Works	269,604
Other	20,986
Principal Retirement	2,531
Interest and Fiscal Charges	122
Total Disbursements	558,900
Excess (Deficiency) Before Transfers	44,908
Transfers	
Increase (Decrease) in Net Assets	44,908
Net Assets, January 1, 2004	191,014
Net Assets, December 31, 2004	235,922

Madison Township
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Program receipts represent 20% percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 80% percent of the township's total receipts, and of this amount, over 72%percent are local taxes. State and federal grants and entitlements make up the balance of the township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the township. These include the costs of trustees and fiscal officer wages as well as internal services such as payroll. Since these costs do not represent direct services to residents, we try to limit these costs to 15-20% of General Fund unrestricted receipts.

Township Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public works, which account for 48% percent of all governmental disbursements, respectively. General government also represents a significant cost, about 45% percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2004	Net Cost of Services 2004
	<u>2004</u>	<u>2004</u>
General Government	254,118	254,118
Security of Persons and Property	2,808	2,808
Public Health Services	8,730	8,730
Public Works	269,604	153,443
Other	20,986	18,051
Principal Retirement	2,531	2,531
Interest and Fiscal Charges	122	122
Total Expenses	<u>558,900</u>	<u>439,803</u>

The dependence upon property tax receipts is apparent as over 80% percent of township activities are supported through these general receipts.

Madison Township
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

The Government's Funds

Total governmental funds had receipts of \$582,822 and disbursements of \$537,914. The greatest change within governmental funds occurred within the Gasoline Tax Fund. The fund balance of the Gasoline Tax Fund increased as the result of increased gasoline tax receipts.

It has been discussed by the trustees to request additional funds from the taxpayers. Placing levies on the ballot as replacements instead of renewals would generate additional income. Cuts in repairs and/or manpower are not feasible and will not eliminate the need for additional funds in the future if the growth in property taxes remains stagnant.

General Fund Budgeting Highlights

The township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2004, the township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to unexpected growth in tax receipts and intergovernmental revenues that helped support the township's programs. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$149,850 while actual disbursements were \$132,448. Although receipts failed to live up to expectations, appropriations were not reduced. The Township kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the increase in fund balance of \$8,352 for 2004.

Capital Assets and Debt Administration

Capital Assets

The township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2004, the Government had no outstanding debt. For further information regarding the township's debt, refer to Note 8 to the basic financial statements.

Current Issues

The challenge for all townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the township

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the township's finances and to reflect the township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Cynthia E. Emmerling, Fiscal Officer, Madison Township, P. O. Box 485, West Point, Ohio, 44492.

MADISON TOWNSHIP, COLUMBIANA COUNTY

Statement of Net Assets - Cash Basis

December 31, 2004

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$235,922
<i>Total Assets</i>	<u><u>\$235,922</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$0
Debt Service	\$4,782
Other Purposes	\$181,840
Unrestricted	\$49,299
<i>Total Net Assets</i>	<u><u>\$235,922</u></u>

See accompanying notes to the basic financial statements

MADISON TOWNSHIP, COLUMBIANA COUNTY

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2004*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$254,118	\$0	\$0	\$0	(254,118)
Public Safety	\$2,808	\$0	\$0	\$0	(2,808)
Public Works	\$269,604	\$25,841	\$90,320	\$0	(153,443)
Health	\$8,730	\$0	\$0	\$0	(8,730)
Human Services	\$0	\$0	\$0	\$0	0
Conservation-Recreation	\$0	\$0	\$0	\$0	0
Other	\$20,986	\$2,935	\$0	\$0	(18,051)
Capital Outlay	\$0	\$0	\$0	\$0	0
Debt Service:					
Principal	\$2,531	\$0	\$0	\$0	(2,531)
Interest	\$122	\$0	\$0	\$0	(122)
Total Governmental Activities	\$558,900	\$28,776	\$90,320	\$0	(439,803)
General Receipts					
Property Taxes					347,076
Other Taxes					0
Grants and Entitlements not Restricted to Specific Programs					98,243
Sale of Bonds					0
Sale of Notes					0
Other Debt Proceeds					0
Discounts, Premiums and Accrued Interest on Debt					0
Sale of Fixed Assets					0
Earnings on Investments					1,946
Miscellaneous					37,446
Total General Receipts					484,711
Special Items					0
Extraordinary Items					0
Transfers					0
Advances					0
Total General Receipts, Special & Extraordinary Items, Transfers and Advances					484,711
Change in Net Assets					44,908
<i>Net Assets Beginning of Year</i>					191,014
<i>Net Assets End of Year</i>					235,922

See accompanying notes to the basic financial statements

MADISON TOWNSHIP, COLUMBIANA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	ROAD DISTRICT	FIRE LEVY	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets							
Equity in Pooled Cash and Cash Equivalents	\$49,299	\$50,132	\$47,203	\$37,013	\$35,469	\$16,806	\$235,922
<i>Total Assets</i>	<u>\$49,299</u>	<u>\$50,132</u>	<u>\$47,203</u>	<u>\$37,013</u>	<u>\$35,469</u>	<u>\$16,806</u>	<u>\$235,922</u>
Fund Balances							
Reserved:							
Reserved for Encumbrances	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	\$49,299	\$0	\$0	\$0	\$0	\$0	\$49,299
Special Revenue Funds	\$0	\$50,132	\$47,203	\$37,013	\$35,469	\$12,023	\$181,840
Debt Service Fund	\$0	\$0	\$0	\$0	\$0	\$4,782	\$4,782
Capital Projects Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Permanent Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Total Fund Balances</i>	<u>\$49,299</u>	<u>\$50,132</u>	<u>\$47,203</u>	<u>\$37,013</u>	<u>\$35,469</u>	<u>\$16,806</u>	<u>\$235,922</u>

See accompanying notes to the basic financial statements

MADISON TOWNSHIP, COLUMBIANA COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	ROAD DISTRICT	FIRE LEVY	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts							
Property and Other Local Taxes	\$40,770	\$0	\$68,947	\$62,409	\$129,066	\$29,841	\$331,034
Licenses, Permits and Fees	\$2,935	\$0	\$0	\$0	\$0	\$0	\$2,935
Intergovernmental	\$83,072	\$69,177	\$9,693	\$8,990	\$17,386	\$42,129	\$230,447
Earnings on Investments	\$1,288	\$580	\$0	\$0	\$0	\$77	\$1,946
Miscellaneous	\$10,023	\$2,966	\$2,900	\$11	\$0	\$560	\$16,460
Total Receipts	<u>\$138,088</u>	<u>\$72,723</u>	<u>\$81,540</u>	<u>\$71,410</u>	<u>\$146,452</u>	<u>\$72,608</u>	<u>\$582,822</u>
Disbursements							
Current:							
General Government	\$124,118	\$0	\$0	\$0	\$130,000	\$0	\$254,118
Public Safety	\$0	\$0	\$0	\$0	\$2,808	\$0	\$2,808
Public Works	\$0	\$55,787	\$96,161	\$67,144	\$0	\$50,513	\$269,604
Health	\$8,330	\$0	\$96	\$122	\$182	\$0	\$8,730
Debt Service:							
Principal Retirement	\$0	\$0	\$0	\$0	\$0	\$2,531	\$2,531
Interest and Fiscal Charges	\$0	\$0	\$0	\$0	\$0	\$122	\$122
Total Disbursements	<u>\$132,448</u>	<u>\$55,787</u>	<u>\$96,257</u>	<u>\$67,266</u>	<u>\$132,990</u>	<u>\$53,166</u>	<u>\$537,914</u>
Excess of Receipts Over (Under) Disbursements	<u>\$5,640</u>	<u>\$16,937</u>	<u>-\$14,717</u>	<u>\$4,144</u>	<u>\$13,462</u>	<u>\$19,442</u>	<u>\$44,908</u>
Other Financing Sources (Uses)							
Other Financing Sources	\$2,712	\$2,395	\$10,584	\$3,333	\$0	\$1,962	\$20,986
Other Financing Uses	\$0	\$0	\$0	\$0	\$0	-\$20,986	-\$20,986
Total Other Financing Sources (Uses)	<u>\$2,712</u>	<u>\$2,395</u>	<u>\$10,584</u>	<u>\$3,333</u>	<u>\$0</u>	<u>-\$19,024</u>	<u>\$0</u>
Net Change in Fund Balances	<u>\$8,352</u>	<u>\$19,332</u>	<u>-\$4,133</u>	<u>\$7,477</u>	<u>\$13,462</u>	<u>\$417</u>	<u>\$44,908</u>
Fund Balances Beginning of Year	<u>\$40,947</u>	<u>\$30,800</u>	<u>\$51,336</u>	<u>\$29,535</u>	<u>\$22,006</u>	<u>\$16,388</u>	<u>\$191,014</u>
Fund Balances End of Year	<u><u>\$49,299</u></u>	<u><u>\$50,132</u></u>	<u><u>\$47,203</u></u>	<u><u>\$37,013</u></u>	<u><u>\$35,469</u></u>	<u><u>\$16,806</u></u>	<u><u>\$235,922</u></u>

See accompanying notes to the basic financial statements

MADISON TOWNSHIP, COLUMBIANA COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$38,840	\$48,060	\$40,770	(\$7,290)
Licenses, Permits and Fees	\$2,355	\$2,913	\$2,935	\$22
Fines and Forfeitures	\$120	\$145	\$0	(\$145)
Intergovernmental	\$64,735	\$80,100	\$83,072	\$2,972
Earnings on Investments	\$1,060	\$1,310	\$1,288	(\$22)
Miscellaneous	\$10,591	\$13,105	\$10,023	(\$3,082)
<i>Total receipts</i>	\$117,701	\$145,633	\$138,088	(\$7,545)
Disbursements				
Current:				
General Government	\$143,350	\$141,050	\$124,118	\$16,932
Health	\$6,500	\$8,800	\$8,330	\$470
<i>Total Disbursements</i>	\$149,850	\$149,850	\$132,448	\$17,402
<i>Excess of Receipts Over (Under) Disbursements</i>	(\$32,149)	(\$4,217)	\$5,640	\$9,857
Other Financing Sources (Uses)				
Other Financing Sources	\$2,712	\$2,712	\$2,712	\$0
<i>Total Other Financing Sources (Uses)</i>	\$2,712	\$2,712	\$2,712	\$0
<i>Net Change in Fund Balance</i>	(\$29,437)	(\$1,505)	\$8,352	\$9,857
<i>Fund Balance Beginning of Year</i>	\$40,947	\$40,947	\$40,947	\$0
<i>Fund Balance End of Year</i>	\$11,510	\$39,442	\$49,299	\$9,857

See accompanying notes to the basic financial statements

MADISON TOWNSHIP, COLUMBIANA COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$58,000	\$58,000	\$69,177	\$11,177
Earnings on Investments	\$1,000	\$1,000	\$580	(\$420)
Miscellaneous	\$5,000	\$5,000	\$2,966	(\$2,034)
<i>Total receipts</i>	\$64,000	\$64,000	\$72,723	\$8,723
Disbursements				
Current:				
Public Works	61,000	61,000	55,787	5,213
<i>Total Disbursements</i>	61,000	61,000	55,787	5,213
<i>Excess of Receipts Over (Under) Disbursemen</i>	3,000	3,000	16,937	13,937
Other Financing Sources (Uses)				
Other Financing Sources	0	0	2,395	2,395
<i>Total Other Financing Sources (Uses)</i>	0	0	2,395	2,395
<i>Net Change in Fund Balance</i>	3,000	3,000	19,332	16,332
<i>Fund Balance Beginning of Year</i>	30,800	30,800	30,800	0
<i>Fund Balance End of Year</i>	33,800	33,800	50,132	16,332

See accompanying notes to the basic financial statements

MADISON TOWNSHIP, COLUMBIANA COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	45,255	45,255	68,947	23,692
Intergovernmental	9,360	9,360	9,693	333
Miscellaneous	23,407	23,407	2,900	(20,507)
<i>Total receipts</i>	78,022	78,022	81,540	3,518
Disbursements				
Current:				
Public Works	109,300	109,400	96,161	13,239
Health	350	250	96	154
<i>Total Disbursements</i>	109,650	109,650	96,257	13,393
<i>Excess of Receipts Over (Under) Disbursements</i>	(31,628)	(31,628)	(14,717)	16,911
Other Financing Sources (Uses)				
Other Financing Sources	0	0	10,584	10,584
<i>Total Other Financing Sources (Uses)</i>	0	0	10,584	10,584
<i>Net Change in Fund Balance</i>	(31,628)	(31,628)	(4,133)	27,495
<i>Fund Balance Beginning of Year</i>	51,336	51,336	51,336	0
<i>Fund Balance End of Year</i>	19,708	19,708	47,203	27,495

See accompanying notes to the basic financial statements

MADISON TOWNSHIP, COLUMBIANA COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road District Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	53,080	53,080	62,409	9,329
Intergovernmental	9,830	9,830	8,990	(840)
Miscellaneous	2,621	2,621	11	(2,610)
<i>Total receipts</i>	65,531	65,531	71,410	5,879
Disbursements				
Current:				
Public Works	82,000	82,000	67,144	14,856
Health	300	300	122	178
<i>Total Disbursements</i>	82,300	82,300	67,266	15,034
<i>Excess of Receipts Over (Under) Disbursements</i>	(16,769)	(16,769)	4,144	20,913
Other Financing Sources (Uses)				
Other Financing Sources	0	0	3,333	3,333
<i>Total Other Financing Sources (Uses)</i>	0	0	3,333	3,333
<i>Net Change in Fund Balance</i>	(16,769)	(16,769)	7,477	24,246
<i>Fund Balance Beginning of Year</i>	29,535	29,535	29,535	0
<i>Fund Balance End of Year</i>	12,766	12,766	37,013	24,246

See accompanying notes to the basic financial statements

MADISON TOWNSHIP, COLUMBIANA COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire Levy Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	97,672	116,580	129,066	12,486
Intergovernmental	13,320	15,898	17,386	1,488
<i>Total receipts</i>	110,992	132,478	146,452	13,974
Disbursements				
Current:				
General Government	135,000	135,000	130,000	5,000
Public Safety	3,000	3,000	2,808	192
Health	500	500	182	318
<i>Total Disbursements</i>	138,500	138,500	132,990	5,510
<i>Excess of Receipts Over (Under) Disbursements</i>	(27,508)	(6,022)	13,462	19,484
<i>Net Change in Fund Balance</i>	(27,508)	(6,022)	13,462	19,484
<i>Fund Balance Beginning of Year</i>	22,006	22,006	22,006	0
<i>Fund Balance End of Year</i>	(5,502)	15,984	35,469	19,484

See accompanying notes to the basic financial statements

MADISON TOWNSHIP, COLUMBIANA COUNTY
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2004

	Private Purpose Trust
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,395
<i>Total Assets</i>	<i>\$3,395</i>
Net Assets	
Restricted for:	
Capital Projects	\$0
Debt Service	\$0
Other Purposes	\$3,395
Unrestricted	\$0
<i>Total Net Assets</i>	<i>\$3,395</i>

See accompanying notes to the basic financial statements

MADISON TOWNSHIP, COLUMBIANA COUNTY
Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2004

	Private Purpose Trust
Additions	
Contributions	\$0
Interest	\$0
<i>Total Additions</i>	<i>\$0</i>
Deductions	
Payments in Accordance with Trust Agreements	\$0
Other	\$0
<i>Total Deductions</i>	<i>\$0</i>
Change in Net Assets	\$0
Net Assets - Beginning of Year	\$3,395
Net Assets - End of Year	\$3,395

See accompanying notes to the basic financial statements

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**Madison Township
Notes to the Financial Statements
For the Year Ended December 31, 2004**

Note 1 – Reporting Entity

Madison Township, Columbiana County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included (see Note 9) to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the West Point Fire Department for fire protection and EMS services. There is no Township operated/supported police protection.

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business type activities.

Madison Township
Notes to the Financial Statements
For the Year Ended December 31, 2004
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

The statement of net assets presents the cash balance of the governmental of the Township at year end. The statement of activities compares disbursements with program receipts for the Township's governmental. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are:

General Fund: The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Gasoline Tax Fund: This fund receives gasoline tax money to finance the construction, maintenance and repair of Township roads.

Madison Township
Notes to the Financial Statements
For the Year Ended December 31, 2004
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Road District Fund: This fund receives tax money to construct, maintain and repair township roads.

Fire Levy Fund: This fund receives property tax money to finance Fire Safety services for the Township.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to 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 accounts for an investment to generate interest for the care and maintenance of Madison Township Cemetery. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township has no agency funds.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, program, activity level for all funds.

Madison Township
Notes to the Financial Statements
For the Year Ended December 31, 2004
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2004, the Township invested in STAR Ohio.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2004.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2004 were \$1,288.15 which includes \$632.42 assigned from other Township funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent funds deducted from property tax revenue for note retirement and trust fund money designated for cemetery trust.

Madison Township
Notes to the Financial Statements
For the Year Ended December 31, 2004
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

J. Accumulated Leave

Upon leaving employment or retirement, employees are not entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, gasoline tax fund, road & bridge fund, road '98 special levy fund and fire special levy fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$16 for the general fund and \$196 for major special revenue funds.

Madison Township
Notes to the Financial Statements
For the Year Ended December 31, 2004
(Continued)

Note 5 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) and by collateral pledged to the Township by 1st National Community Bank.

Madison Township
Notes to the Financial Statements
For the Year Ended December 31, 2004
(Continued)

Note 5 – Deposits and Investments

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Township or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township had no un-deposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

The Township's investments are required to be categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the Township's name. The investments in U.S. Treasury Bills are classified in category three. Investments in STAR Ohio and the money market mutual fund are not classified since they are not evidenced by securities that exist in physical or book-entry form.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2004 represent the collection of 2003 taxes. Real property taxes received in 2004 were levied after October 1, 2003, on the assessed values as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2004 represent the collection of 2003 taxes. Public utility real and tangible personal property taxes received in 2003 became a lien on December 31, 2002, were levied after October 1, 2003, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**Madison Township
Notes to the Financial Statements
For the Year Ended December 31, 2004
(Continued)**

Note 6 – Property Taxes – (Continued)

Tangible personal property tax receipts received in 2004 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2004 were levied after October 1, 2003, on the true value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. 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.

The full tax rate for all Township operations for the year ended December 31, 2004, was \$10.7 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	
Residential	\$25,048,650
Agriculture	6,302,160
Commercial/Industrial/Mineral	1,497,280
Public Utility Property (State)	2,765,690
Tangible Personal Property	1,974,710
Total Assessed Value	\$37,588,490

Note 7 – Risk Management

Risk Pool Membership

The Government 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

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. Townships 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 \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

**Madison Township
Notes to the Financial Statements
For the Year Ended December 31, 2004
(Continued)**

Note 7 – 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 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 2004 and 2003:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	(753,906)	(750,956)
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

Note 8 – Retirement Systems

All Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

Note 9 – Debt

The Township's long-term debt activity for the year ended December 31, 2004, was as follows:

	Interest Rate	Balance December 31, 2003	Additions	Reductions	Balance December 31, 2004	Due Within One Year
<u>Governmental Activities</u>						
2005 Truck Note	5%	2,462	0	\$2,462	0	0

This obligation was incurred to purchase a Case W-14 Loader for Township road maintenance. The note was issued for \$5,062 on July 19, 2002 at a 5% annual interest rate.

Madison Township
Notes to the Financial Statements
For the Year Ended December 31, 2004
(Continued)

Note 10 – Jointly Governed Organizations

The Buckeye Water District provides water services to residents of the District. The District is comprised of the entire area of Madison and Yellow Creek Townships, the Village of Wellsville and portions of Saint Clair and Liverpool Townships. The Township is directed by an appointed nine-member Board of Trustees. Three members are appointed by the Columbiana County Board of Commissioners. Three members are appointed by the Township Trustees of the townships which comprise the District. The remaining three members are appointed by the Mayor or Village Council of the Village of Wellsville.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Madison Township
Columbiana County
PO Box 485
West Point, Ohio 44492

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Township (the Government) as of and for the year ended December 31, 2004, which collectively comprise the Government's basic financial statements and have issued our report thereon dated June 27, 2006, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Government's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Government'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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Government's management dated June 27, 2006, we reported other matters related to noncompliance we deemed immaterial.

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We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for 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

June 27, 2006



Mary Taylor, CPA
Auditor of State

MADISON TOWNSHIP

COLUMBIANA 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
FEBRUARY 6, 2007**