

**MADISON TOWNSHIP
RICHLAND COUNTY**

AUDIT REPORT

JANUARY 1, 2018 - DECEMBER 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Township Trustees
Madison Township
817 Expressview Drive
Mansfield, Ohio 44905

We have reviewed the *Independent Auditors' Report* of Madison Township, Richland County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 21, 2020

This page intentionally left blank.

**MADISON TOWNSHIP
RICHLAND COUNTY
JANUARY 1, 2018 - DECEMBER 31, 2019**

TABLE OF CONTENTS

Table of Contents	(i)
Independent Auditors' Report	1-2
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2019	3
2019 Notes to the Financial Statements	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2018	12
2018 Notes to the Financial Statements	13
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	21
Schedule of Audit Findings	23
Schedule of Prior Audit Findings	25

This page intentionally left blank.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Madison Township
Richland County
817 Expressview Drive
Mansfield, Ohio 44905

To the Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Madison Township, Richland County, as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis* of Accounting paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Madison Township, Richland County as of December 31, 2019 and 2018, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Madison Township, Richland County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 13 to the 2019 financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 5, 2020, on our consideration of Madison Township'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. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 5, 2020

**MADISON TOWNSHIP
RICHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 61,761	\$ 1,884,013	\$ 1,945,774
Charges for Services	-	369,546	369,546
Licenses, Permits, and Fees	4,272	-	4,272
Rent	540	-	540
Intergovernmental	75,261	1,109,604	1,184,865
Special Assessments	-	23,523	23,523
Earnings on Investments	1,671	137	1,808
Miscellaneous	6,454	49,561	56,015
Total Cash Receipts	<u>149,959</u>	<u>3,436,384</u>	<u>3,586,343</u>
Cash Disbursements:			
Current:			
General Government	147,599	40,958	188,557
Public Safety	-	1,965,904	1,965,904
Public Works	-	694,301	694,301
Capital Outlay	-	1,234,316	1,234,316
Debt Service:			
Principal Retirement	-	72,855	72,855
Interest and Fiscal Charges	-	2,920	2,920
Total Cash Disbursements	<u>147,599</u>	<u>4,011,254</u>	<u>4,158,853</u>
Excess of Receipts Over/(Under) Disbursements	2,360	(574,870)	(572,510)
Other Financing Receipts (Disbursements)			
Sale of Bonds	-	381,000	381,000
Loan Proceeds	-	177,524	177,524
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>558,524</u>	<u>558,524</u>
Net Change in Fund Cash Balance	2,360	(16,346)	(13,986)
Fund Cash Balances, January 1	<u>101,895</u>	<u>767,538</u>	<u>869,433</u>
Fund Cash Balances, December 31			
Restricted	-	707,912	707,912
Committed	-	43,280	43,280
Unassigned (Deficit)	104,255	-	104,255
Fund Cash Balances, December 31	<u>\$ 104,255</u>	<u>\$ 751,192</u>	<u>\$ 855,447</u>

See notes to financial statements.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Madison Township, Richland County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the Richland County Sheriff's office to provide police protection to the residents of the Township.

The Township participates in a public entity risk pool and is associated with a related organization. Note 6 and Note 11 to the financial statements provides additional information for these entities.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Fire District Fund – This fund receives property tax monies to pay for the purpose of providing fire and emergency medical services to the Township.

Emergency Medical Services Fund – This fund is used to account for and report committed charges for services for the purpose of providing emergency medical services to the Township.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

D. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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 in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

E. Deposits and Investments

The Township's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money Market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report. The Township values repurchase agreements (sweep accounts) at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

The Township records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced, first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2019 is as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 150,108	\$ 149,959	\$ (149)
Special Revenue	3,380,692	3,994,908	614,216
Total	\$ 3,530,800	\$ 4,144,867	\$ 614,067

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 169,638	\$ 147,599	\$ 22,039
Special Revenue	4,031,378	4,011,254	20,124
Total	\$ 4,201,016	\$ 4,158,853	\$ 42,163

Contrary to ORC 5705.41(D), the Township made expenditures prior to certification.
 Contrary to ORC 5705.39, the Township had funds with appropriations exceeding estimated resources/.
 Contrary to ORC 5705.41(B), the Road & Bridge Fund had expenditures exceeding appropriations.

4. EQUITY IN POOLED CASH

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

	2019
Demand Deposits	\$ 134,665
Repurchase Agreement (Sweep Account)	719,389
STAR Ohio	1,393
Total Deposits and Investments	\$ 855,447

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

6. RISK MANAGEMENT

The Township pays the State Workers' Compensation System a premium based on a rate of per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Government Risk Management Plan, (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the \$1,000,000 property treaty. Effective November 1, 2019, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treat. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2019

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019 (latest information available).

	2018
Assets	<u>\$15,065,412</u>
Liabilities	<u>(10,734,623)</u>
Retained Earnings	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org .

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Some of the Township’s full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant’s gross salaries. The Township has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement

The Township’s certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F and amount equal to 24.00% of full-time fire fighter’s wages. The Township has paid all contributions required through December 31, 2019.

8. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019, OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

9. DEBT

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2011 Road Equipment Bonds	\$ 19,800	4.25%
2012 OPWC Loan	54,764	0.00%
2017 OPWC Loan	41,735	0.00%
2018 Squad Car Loan	109,782	3.68%
2019 Dump Truck Lease	112,886	3.51%
2019 Fire Equipment Bonds	381,000	3.88%
2019 OPWC CP25V	34,103	0.00%
Total	<u>\$ 754,070</u>	

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

9. DEBT (Continued)

During 2011, the Township issued general obligation bonds in the amount of \$84,500 to finance the purchase of a dump truck and related equipment. The Township's taxing authority collateralized the bonds and is repaid from the Road & Bridge Fund.

During 2012, the Township obtained an interest free loan from the Ohio Public Works Commission (OPWC) for road resurfacing and culvert repair. This is paid from the Gasoline Tax Fund.

During 2017, the Township obtained an interest free loan from the Ohio Public Works Commission (OPWC) for road resurfacing and culvert repair. This is paid from Gasoline Tax Fund.

During 2014, the Township entered into a loan agreement with Mechanics Bank to finance the purchase of a ambulance to be used for EMS services. This loan is payable in annual installments of 31,681 and is repaid from the EMS Fund. The ambulance collateralizes the loan.

In 2018, the Township entered into a loan in the amount of \$134,744 for the purpose of purchasing a new squad car.

In 2019, the Township entered into a lease in the amount of \$143,421 for the purpose of purchasing a new dump truck.

During 2019, the Township issued general obligation bonds in the amount of \$381,000 purchased by the United State Department of Agriculture (USDA) to finance the purchase of a new fire truck.

In 2019, the Township has established lines of credit in the amount of \$178,682 with the Ohio Public Works Commission for various projects. Loan schedules haven't been established so they are not included in the amortization schedules below. As of December 1, 2019, \$34,103 has been drawn by the Township.

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

<u>Year Ending December 31:</u>	<u>GO Bonds</u>	<u>OPWC Loans</u>	<u>Dump Truck</u>	<u>Squad Car</u>
2020	\$ 10,542	\$ 4,588	\$ 30,989	\$ 29,923
2021	10,529	4,588	30,989	29,923
2022	-	4,588	30,989	29,923
2023	-	4,588	30,989	29,923
2024	-	4,588	-	-
2025-2029	-	22,940	-	-
2030-2034	-	22,940	-	-
2035-2039	-	18,384	-	-
2040-2044	-	7,730	-	-
2045-2049	-	1,565	-	-
Total	\$ 21,071	\$ 96,499	\$ 123,956	\$ 119,692

<u>Year Ending December 31:</u>	<u>Equip. Bonds</u>
2020	\$ 46,008
2021	46,728
2022	46,641
2023	46,708
2024	46,621
2025-2029	233,463
Total	\$ 466,169

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

10. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Government Risk Management Plan (the Plan) an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management plan. Member governments pay annual premiums to fund the Plan. The Plan pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

11. RELATED ORGANIZATION

The Madison Board of Trustees are responsible for appointing individuals to serve on the Board of Trustees of the Madison Water District. The Madison Water District hires and fires its own staff and does not rely on the Township to finance deficits. The Township is not financially accountable for the Madison Water District nor is the Madison Water District financially dependent on the Township. The Madison water District serves as its own budgeting, taxing and debt issuance authority. The Madison Water District did not receive any funding from the Township during the audit period.

12. FISCAL ANALYSIS

On May 17, 2012, the Township was declared in Fiscal Caution by the Auditor of State. The Township's management has prepared and provided an acceptable plan to the Auditor of State. The Township is implementing changes and is on schedule addressing remaining items.

13. SUBSEQUENT EVENTS

The United State and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 77,234	\$ 1,704,655	\$ 1,781,889
Charges for Services	-	265,309	265,309
Licenses, Permits, and Fees	5,698	-	5,698
Intergovernmental	65,496	593,956	659,452
Special Assessments	-	21,486	21,486
Earnings on Investments	1,241	68	1,309
Miscellaneous	1,290	236,725	238,015
Total Cash Receipts	<u>150,959</u>	<u>2,822,199</u>	<u>2,973,158</u>
Cash Disbursements:			
Current:			
General Government	156,778	40,164	196,942
Public Safety	-	1,883,003	1,883,003
Public Works	4,430	957,576	962,006
Other	-	-	-
Capital Outlay	-	292,908	292,908
Debt Service:			
Principal Retirement	-	67,578	67,578
Interest and Fiscal Charges	-	9,233	9,233
Total Cash Disbursements	<u>161,208</u>	<u>3,250,462</u>	<u>3,411,670</u>
Excess of Receipts Over/(Under) Disbursements	(10,249)	(428,263)	(438,512)
Other Financing Receipts (Disbursements)			
Loan Proceeds	-	134,744	134,744
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>134,744</u>	<u>134,744</u>
Net Change in Fund Cash Balance	(10,249)	(293,519)	(303,768)
Fund Cash Balances, January 1	<u>112,144</u>	<u>1,061,057</u>	<u>1,173,201</u>
Fund Cash Balances, December 31			
Restricted	-	660,754	660,754
Committed	-	106,784	106,784
Unassigned (Deficit)	101,895	-	101,895
Fund Cash Balances, December 31	<u>\$ 101,895</u>	<u>\$ 767,538</u>	<u>\$ 869,433</u>

See notes to financial statements.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Madison Township, Richland County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the Richland County Sheriff's office to provide police protection to the residents of the Township.

The Township participates in a public entity risk pool and is associated with a related organization. Note 6 and Note 11 to the financial statements provides additional information for these entities.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Fire District Fund – This fund receives property tax monies to pay for the purpose of providing fire and emergency medical services to the Township.

Emergency Medical Services Fund – This fund is used to account for and report committed charges for services for the purpose of providing emergency medical services to the Township.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

D. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control and appropriations may not exceed estimated resources. The Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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 in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

E. Deposits and Investments

The Township's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money Market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report. The Township values repurchase agreements (sweep accounts) at cost. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

The Township records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced, first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2018 is as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 131,600	\$ 150,959	\$ 19,359
Special Revenue	2,642,390	2,956,943	314,553
Total	\$ 2,773,990	\$ 3,107,902	\$ 333,912

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 167,596	\$ 161,208	\$ 6,388
Special Revenue	3,363,129	3,250,462	112,667
Total	\$ 3,530,725	\$ 3,411,670	\$ 119,055

Contrary to ORC 5705.41(D), the Township made expenditures prior to certification.

Contrary to ORC 5705.39, the Township had funds where appropriations exceeded estimated resources.

4. EQUITY IN POOLED CASH

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

	2018
Demand Deposits	\$ 98,726
Repurchase Agreement (Sweep Account)	769,346
STAR Ohio	1,361
Total Deposits and Investments	\$ 869,433

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

6. RISK MANAGEMENT

The Township pays the State Workers' Compensation System a premium based on a rate of per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Government Risk Management Plan, (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treat. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

6. RISK MANAGEMENT (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

	<u>2018</u>
Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Retained Earnings	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

7. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F and amount equal to 24.00% of full-time fire fighter's wages. The Township has paid all contributions required through December 31, 2018.

8. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

9. DEBT

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2011 Road Equipment Bonds	\$ 29,100	4.25%
2012 OPWC Loan	56,285	0.00%
2017 OPWC Loan	42,508	0.00%
2014 Ambulance Loan	30,726	4.00%
2018 Squad Car Loan	109,782	3.68%
Total	<u>\$ 268,401</u>	

During 2011, the Township issued general obligation bonds in the amount of \$84,500 to finance the purchase of a dump truck and related equipment. The Township's taxing authority collateralized the bonds and is repaid from the Road & Bridge Fund.

During 2012, the Township obtained an interest free loan from the Ohio Public Works Commission (OPWC) for road resurfacing and culvert repair. This is paid from the Gasoline Tax Fund.

During 2017, the Township obtained an interest free loan from the Ohio Public Works Commission (OPWC) for road resurfacing and culvert repair. This is paid from Gasoline Tax Fund.

During 2014, the Township entered into a loan agreement with Mechanics Bank to finance the purchase of a ambulance to be used for EMS services. This loan is payable in annual installments of 31,681 and is repaid from the EMS Fund. The ambulance collateralizes the loan.

In 2018, the Township entered into a loan in the amount of \$134,744 for the purpose of purchasing a new squad car.

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

<u>Year Ending December 31:</u>	<u>GO Bonds</u>	<u>OPWC Loans</u>	<u>Ambulance</u>	<u>Squad Car</u>
2019	\$ 10,536	\$ 4,588	\$ 31,648	\$ -
2020	10,542	4,588	-	29,923
2021	10,529	4,588	-	29,923
2022	-	4,588	-	29,923
2023	-	4,588	-	29,923
2024-2028	-	22,940	-	-
2029-2033	-	22,940	-	-
2034-2038	-	18,384	-	-
2039-2043	-	7,730	-	-
2044-2048	-	3,859	-	-
Total	<u>\$ 31,607</u>	<u>\$ 98,793</u>	<u>\$ 31,648</u>	<u>\$ 119,692</u>

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

10. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Government Risk Management Plan (the Plan) an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management plan. Member governments pay annual premiums to fund the Plan. The Plan pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

11. RELATED ORGANIZATION

The Madison Board of Trustees are responsible for appointing individuals to serve on the Board of Trustees of the Madison Water District. The Madison Water District hires and fires its own staff and does not rely on the Township to finance deficits. The Township is not financially accountable for the Madison Water District nor is the Madison Water District financially dependent on the Township. The Madison water District serves as its own budgeting, taxing and debt issuance authority. The Madison Water District did not receive any funding from the Township during the audit period.

12. FISCAL ANALYSIS

On May 17, 2012, the Township was declared in Fiscal Caution by the Auditor of State. The Township's management has prepared and provided an acceptable plan to the Auditor of State. The Township is implementing changes and is on schedule addressing remaining items.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Madison Township
Richland County
817 Expressview Drive
Mansfield, Ohio 44905

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Madison Township, Richland County as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 5, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Madison Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identified a certain deficiency in internal control, in the accompanying schedule of findings that we consider to be a material weakness. We consider Finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed three instances of noncompliance or other matters we must report under *Government Auditing Standards* described in the accompanying Schedule of Findings as item 2019-001, 2019-002 and 2019-003.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 5, 2020

**MADISON TOWNSHIP
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

Finding Number 2019-001

Noncompliance/Material Weakness – Financial Reporting

Ohio Admin. Code Section 117-2-02 (A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transaction, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Ohio Admin. Code Section 117-2-03.

As a result of audit procedures, errors were noted that required reclassification to the financial statement as follows:

The following is related to 2019:

- Adjustment was made to the Special Revenue Fund of \$177,524 to record the OPWC loan and Dump Truck Lease and to increase Capital Outlay.

The following is related to 2018

- Adjustment was made to the Special Revenue Fund of \$134,774 to record the Squad Car and to increase Capital Outlay.
- Reclassification of \$163 to decrease Special Revenue Principal Retirement and to increase Special Revenue Interest and Other Fiscal Charges.

Sound financial reporting is the responsibility of the Township and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures to identify and correct errors and omissions. .

Client Response: We have not received a response from client.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

Finding Number 2019-002

Noncompliance – Appropriations Exceeding Estimated Resources

Ohio Revised Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenues available for expenditure as certified by the budget commission. In addition, no appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total estimate or amended official estimate.

Fund	Year	Estimated Resources	Appropriations	Variance
Fire Levy	2019	\$ 2,138,692	\$ 2,597,162	\$ (458,470)
EMS Fund	2019	446,784	474,100	(27,316)
Fire Levy	2018	1,745,775	1,809,970	(64,195)

We recommend the Township review estimated resources versus appropriations throughout the year. Also, the Trustees should not approve appropriations greater than estimated resources. This could result in the Township spending more money than it receives and could cause possible negative fund balances.

Client Response: We have not received a response from client.

Finding Number 2019-003

Noncompliance

Ohio Rev. Code Section 5705.41 (B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated.

At December 31, 2019, disbursements exceeded appropriations in the following funds:

Fund	Appropriation Authority	Budgetary Expenditures	Variance
Road & Bridge	\$ 550,346	\$ 559,105	\$ (8,759)

This practice can lead to overspending and negative fund balances.

The Fiscal Officer should compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Trustees should adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

Client Response: We have not received a response from client.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2019**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2017-001	Financial Reporting Reclassification and adjustments	No	Not Corrected: Reported as Finding 2019-001

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



MADISON TOWNSHIP

RICHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/3/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov