



**MADISON TOWNSHIP
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MADISON TOWNSHIP
FAIRFIELD COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Madison Township
Fairfield County
4300 Julian Road
Lancaster, Ohio 43130

We have audited the accompanying financial statements of Madison Township, Fairfield County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Madison Township, Fairfield County, Ohio, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report considering the results of our audits.

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

JIM PETRO
Auditor of State

February 28, 2001

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**MADISON TOWNSHIP
FAIRFIELD COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$5,950	\$40,969	\$46,919
Intergovernmental	29,815	75,309	105,124
Licenses, Permits and Fees	25,620	0	25,620
Other Revenue	125	0	125
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	61,510	116,278	177,788
Cash Disbursements:			
Current:			
General Government	24,825	0	24,825
Public Safety	0	18,274	18,274
Public Works	5,700	65,780	71,480
Health	4,300	0	4,300
Miscellaneous	3,508	0	3,508
Debt Service:			
Redemption of Principal	5,214	14,346	19,560
Interest and Fiscal Charges	286	787	1,073
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	43,833	99,187	143,020
Total Cash Receipts Over/(Under) Cash Disbursement:	<hr/>	<hr/>	<hr/>
	17,677	17,091	34,768
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	12,412	32,707	45,119
Fund Cash Balances, December 31	<hr/> \$30,089 <hr/>	<hr/> \$49,798 <hr/>	<hr/> \$79,887 <hr/>

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

**MADISON TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Non Expendable Trust</u>
Operating cash receipts:	
Interest	\$14
Miscellaneous	<u>75</u>
Total operating cash receipts	<u>89</u>
Net cash receipts over/(under)cash disbursements	89
Fund cash balance, January 1, 2000	<u>1,943</u>
Fund cash balance, December 31, 2000	<u><u>\$2,033</u></u>

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

**MADISON TOWNSHIP
FAIRFIELD COUNTY**

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$5,835	\$40,500	\$46,335
Intergovernmental	57,460	75,155	132,615
Licenses, Permits and Fees	13,855	0	13,855
Other Revenue	8,944	0	8,944
	<u>86,094</u>	<u>115,655</u>	<u>201,749</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	34,978	0	34,978
Public Safety	0	24,894	24,894
Public Works	11,698	78,813	90,511
Health	3,554	0	3,554
Debt Service:			
Redemption of Principal	3,468	6,069	9,537
Interest and Fiscal Charges	532	931	1,463
Capital Outlay	54,086	140	54,226
	<u>108,316</u>	<u>110,847</u>	<u>219,163</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(22,222)</u>	<u>4,808</u>	<u>(17,414)</u>
Other Financing Cash Receipts:			
Proceeds from Sale of Public Debt:			
Proceeds of Notes	29,086	0	29,086
	<u>29,086</u>	<u>0</u>	<u>29,086</u>
Total Other Financing Cash Receipts			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	6,864	4,808	11,672
Fund Cash Balances, January 1	<u>5,548</u>	<u>27,899</u>	<u>33,447</u>
Fund Cash Balances, December 31	<u>\$12,412</u>	<u>\$32,707</u>	<u>\$45,119</u>
Reserve for Encumbrances, December 31	<u>\$200</u>	<u>\$0</u>	<u>\$200</u>

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

**MADISON TOWNSHIP
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Non Expendable Trust</u>
Operating cash receipts:	
Interest	\$19
Miscellaneous	75
	<u>94</u>
Total operating cash receipts	<u>94</u>
Net cash receipts over/(under)cash disbursements	94
Fund cash balance, January 1, 1999	<u>1,849</u>
Fund cash balance, December 31, 1999	<u><u>\$1,943</u></u>

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

**MADISON TOWNSHIP
FAIRFIELD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Permissive Motor Vehicle License Tax Fund- This fund receives license tax for maintaining, repairing, and improving Township roads.

Road and Bridge Fund - This fund receives property tax money for improvement and construction of Township roads and bridges.

Fire District Fund- This fund receives real and personal property taxes for emergency management and fire contract services through a local township.

**MADISON TOWNSHIP
FAIRFIELD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Fiduciary Fund

This fund is used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Non-expendable Trust Fund- Cemetery Bequest- This fund receives money from individuals and interest to be held by the Township for cemetery maintenance.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

Encumbrances outstanding at year end are carried forward and need not be re-appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

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

F. Property, Plant and Equipment

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

**MADISON TOWNSHIP
FAIRFIELD COUNTY**

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

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$81,920</u>	<u>\$47,062</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$66,178	\$61,510	(\$4,668)
Special Revenue	143,420	116,278	(27,142)
Non Expendable Trust	<u>2,040</u>	<u>89</u>	<u>(1,951)</u>
Total	<u>\$211,638</u>	<u>\$177,877</u>	<u>(\$33,761)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$66,000	\$43,833	\$22,167
Special Revenue	140,000	99,187	40,813
Non Expendable Trust	<u>95</u>	<u>0</u>	<u>95</u>
Total	<u>\$206,095</u>	<u>\$143,020</u>	<u>\$63,075</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$79,991	\$86,094	\$6,103
Special Revenue	136,565	115,655	(20,910)
Non Expendable Trust	<u>1,680</u>	<u>94</u>	<u>(1,586)</u>
Total	<u>\$218,236</u>	<u>\$201,843</u>	<u>(\$16,393)</u>

**MADISON TOWNSHIP
FAIRFIELD COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$79,991	\$108,516	(\$28,525)
Special Revenue	136,565	110,847	25,718
Non Expendable Trust	75	0	75
Total	\$216,631	\$219,363	(\$2,732)

4. PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEMS

Employees along with elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. For calendar year 1999 The Township contributed an amount equal to 13.55% of participants' gross salaries. For calendar year 2000 The Township contributed an amount equal to 10.84% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

**MADISON TOWNSHIP
FAIRFIELD COUNTY**

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

7. JOINTLY GOVERNED ORGANIZATION

Fairfield Regional Planning Commission- The Township appoints a person to represent the Township on the 48 member board of the Fairfield Regional Planning Commission. The Township pays a small membership fee annually. The fee is based on the per capita of the Township. There is no ongoing financial interest of responsibility by the Township.

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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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

Madison Township
Fairfield County
4300 Julian Road
Lancaster, Ohio 43130

We have audited the accompanying financial statements of Madison Township, Fairfield County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated February 28, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2000-40623-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 28, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated February 28, 2001.

Madison Township
Fairfield County
Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

JIM PETRO
Auditor of State

February 28, 2001

**MADISON TOWNSHIP
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 - 1999**

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

Finding Number	2000-40623-001
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Funds Certification

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

In thirty two percent of expenditures tested, the fiscal officer did not make the required certifications at the time of obligating the Township for the contracts or purchase commitments.

We recommend that the Clerk certify availability of funds at the time Township enters into contracts or purchase commitments.

**MADISON TOWNSHIP
FAIRFIELD COUNTY**

**STATUS OF PRIOR FINDINGS
MADISON TOWNSHIP**

<i>Finding Number</i>	<i>Finding Summary</i>	<i>Fully Corrected?</i>	<i>Not Corrected/Explanation</i>
1998-40623-001	Ohio Rev. Code Section 117.28; Finding for Recovery for public money collected but unaccounted for	Yes	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

MADISON TOWNSHIP

FARIFIELD 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
MAY 15, 2001**