

MADISON TOWNSHIP

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2003 AND DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of Madison Township, Richland County, prepared by Gary B. Fink & Associates, Inc., for the audit period January 1, 2002 to December 31, 2003. 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, Richland County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

April 5, 2005

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**MADISON TOWNSHIP, OHIO
RICHLAND COUNTY
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND DECEMBER 31, 2002**

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MADISON TOWNSHIP

**ELECTED OFFICIALS
AS OF DECEMBER 31, 2003**

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
Catherine Swank	Trustee	01/01/99-12/31/03	(A)	\$5,000	01/01/99- 12/31/03
Larry Ferguson	Trustee	01/01/02-01/01/06	(A)	\$5,000	01/01/02- 12/31/06
Homer Hutcheson	Trustee	01/01/02-12/31/06	(A)	\$5,000	01/01/02- 12/31/06
Anita Lunsford	Clerk	10/01/03-04/01/04	(A)	\$25,000	10/01/03- 04/01/04

(A) Ohio Government Risk Management Pool

STATUTORY LEGAL COUNSEL

Ms. Nancy H. Massie
Assistant Prosecuting Attorney
Richland County
38 South Park Street
Mansfield, OH 44902

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Madison Township, Richland County
817 Expressview Drive
Mansfield, OH 44905

We have audited the accompanying financial statements of Madison Township, Richland County (the Township), as of and for the years ended December 31, 2003 and December 31, 2002, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We were unable to completely verify EMS receipts included in the Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances in the amount of \$200,877 for the year ended December 31, 2002.

As described 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 accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary for EMS receipts, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of Madison Township as of December 31, 2003 and December 31, 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT (continued)

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2004 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

October 26, 2004

Madison Township, Ohio
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, 2003

	General	Special Revenue	Debt Service	Capital Project	Total (Memorandum Only)
Cash Receipts					
Local Taxes	\$65,516	\$783,392	\$50,000	\$0	\$898,908
Charges for Services	0	173,355	0	1,980	175,335
Special Assessments	0	0	0	25,692	25,692
Intergovernmental	150,981	445,114	0	0	596,095
Licenses, Permits and Fees	16,543	0	0	0	16,543
Fines, Forfeitures and Penalties	387	0	0	0	387
Interest	2,472	265	0	0	2,737
Other	2,979	10,397	0	0	13,376
Total Cash Receipts	238,878	1,412,523	50,000	27,672	1,729,073
Cash Disbursements					
General Government	168,962	17,220	0	0	186,182
Public Safety	0	848,193	0	0	848,193
Public Works	0	481,586	0	0	481,586
Health	0	36,520	0	0	36,520
Human Services	0	123,007	0	0	123,007
Miscellaneous	0	276	0	0	276
Capital Outlay	11,818	150,398	0	0	162,216
Debt Service					
Principal	0	0	30,729	0	30,729
Interest and Fiscal Charges	0	0	2,091	0	2,091
Contract Services	0	0	0	27,350	27,350
Total Cash Disbursements	180,780	1,657,200	32,820	27,350	1,898,150
Total Receipts Over/(Under) Disbursements	58,098	(244,677)	17,180	322	(169,077)
Other Financing Receipts/(Disbursements)					
Operating Transfers - In	10,005	1,005	0	0	11,010
Operating Transfers - Out	(1,005)	(10,005)	0	0	(11,010)
Other Financing Sources	3,371	1,503	0	0	4,874
Total Other Financing Receipts/ (Disbursements)	12,371	(7,497)	0	0	4,874
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	70,469	(252,174)	17,180	322	(164,203)
Fund Cash Balances, January 1, 2003	9,145	589,613	3,268	7,424	609,450
Fund Cash Balances, December 31, 2003	\$79,614	\$337,439	\$20,448	\$7,746	\$445,247
Reserve For Encumbrances	\$6,562	\$33,706	\$0	\$0	\$40,268

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

Madison Township, Ohio
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, 2002

	General	Special Revenue	Debt Service	Capital Project	Total (Memorandum Only)
Cash Receipts					
Local Taxes	\$49,930	\$809,782	\$17,500	\$0	\$877,212
Charges for Services	0	200,877	0	418	201,295
Special Assessments	0	0	0	25,600	25,600
Intergovernmental	91,368	497,384	0	0	588,752
Licenses, Permits and Fees	8,718	0	0	0	8,718
Fines, Forfeitures and Penalties	50	0	0	0	50
Interest	8,347	654	0	0	9,001
Other	1,020	22,487	0	0	23,507
Total Cash Receipts	159,433	1,531,184	17,500	26,018	1,734,135
Cash Disbursements					
General Government	181,070	15,479	0	0	196,549
Public Safety	7,744	921,053	0	0	928,797
Public Works	0	355,257	0	0	355,257
Health	750	54,822	0	0	55,572
Human Services	0	36,889	0	0	36,889
Miscellaneous	0	316	0	0	316
Capital Outlay	130,829	121,869	0	0	252,698
Debt Service					
Principal	0	0	13,241	0	13,241
Interest and Fiscal Charges	0	0	3,991	0	3,991
Contract Services	0	0	0	25,161	25,161
Total Cash Disbursements	320,393	1,505,685	17,232	25,161	1,868,471
Total Receipts Over/(Under) Disbursements	(160,960)	25,499	268	857	(134,336)
Other Financing Receipts/(Disbursements)					
Loan Proceeds	15,000	0	0	0	15,000
Operating Transfers - In	0	0	3,000	0	3,000
Operating Transfers - Out	(3,000)	0	0	0	(3,000)
Other Financing Sources	3,077	1,561	0	0	4,638
Total Other Financing Receipts/ (Disbursements)	15,077	1,561	3,000	0	19,638
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(145,883)	27,060	3,268	857	(114,698)
Fund Cash Balances, January 1, 2002	155,028	562,553	0	6,567	724,148
Fund Cash Balances, December 31, 2002	\$9,145	\$589,613	\$3,268	\$7,424	\$609,450
Reserve For Encumbrances	\$11,718	\$151,467	\$0	\$0	\$163,185

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

MADISON TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Madison Township, Richland 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, fire protection and emergency medical services. The Township contracts with the Richland County Sheriff's Department to provide police protection to the residents of the Township.

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 (ie., when an encumbrance is approved).

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

C. Cash and Cash Equivalents

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains and losses at the time of sale are recorded as receipts or disbursements, respectively.

Demand and savings deposits are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is recorded at share values reported by the State Treasurer.

D. Fund Accounting

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

MADISON TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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.

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

Road and Bridge Fund - This fund receives property tax money to construct, maintain and repair Township roads and bridges.

Fire and EMS Fund – This fund receives tax money for the purpose of providing fire protection to the Township.

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

Debt Service Fund – The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness.

Capital Projects Funds – This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township has the following significant capital projects fund:

Lighting Assessment Fund – This fund is used to account for the cost of lighting improvements that will be paid by the benefiting property owners.

E. Budgetary Process

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

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

MADISON TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

Encumbrances - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 and 2002 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.

G. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave is not reflected as a liability under the Township's basis of accounting.

2. **EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2003	2002
Demand deposits	\$328,484	\$270,286
STAR Ohio	116,763	339,164
Total Deposits and Investments	<u>\$445,247</u>	<u>\$609,450</u>

Deposits

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

Investments

The Township has invested in STAR Ohio. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

MADISON TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2003 and December 31, 2002 was as follows:

2003 Budget vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$159,649	\$252,254	\$92,605
Special Revenue	1,587,919	1,415,031	(172,888)
Debt Service	78,000	50,000	(28,000)
Special Assessment	30,000	27,672	(2,328)
Total	\$1,855,568	\$1,744,957	(\$110,611)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$147,132	\$188,347	(\$41,215)
Special Revenue	2,100,317	1,700,911	399,406
Debt Service	68,268	32,820	35,448
Special Assessment	37,423	27,350	10,073
Total	\$2,353,140	\$1,949,428	\$403,712

2002 Budget vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$194,688	\$177,510	(\$17,178)
Special Revenue	1,479,419	1,532,745	53,326
Debt Service	59,550	20,500	(39,050)
Special Assessment	33,500	26,018	(7,482)
Total	\$1,767,157	\$1,756,773	(\$10,384)

MADISON TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

3. **BUDGETARY ACTIVITY** (continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$308,677	\$335,111	(\$26,434)
Special Revenue	1,806,937	1,657,152	149,785
Debt Service	58,000	17,232	40,768
Special Assessment	26,805	25,161	1,644
 Total	 <u>\$2,200,419</u>	 <u>\$2,034,656</u>	 <u>\$165,763</u>

Budgetary expenditures exceeded appropriation authority in the General Fund in years 2003 and 2002 and the EMS Fund in 2002, contrary to Ohio Revised Code Section 5705.41(B).

4. **PROPERTY TAX**

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

Public utilities are also taxed on personal property located within the Township.

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

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

MADISON TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

5. **DEBT**

General Obligation Notes to KeyBank were outstanding as follows:

	Issue Date	Maturity Date	Original Amount	Interest Rate	Balance - Principal	
					2003	2002
Building Purchase	2001	2005	\$131,500	3.2%	\$65,750	\$92,050
Improvements and Furniture	2002	2007	15,000	2.9%	12,000	15,000
Total					<u>\$77,750</u>	<u>\$107,050</u>

Amortization of principal is scheduled as follows at December 31, 2003:

Year Ending December 31,	General Obligation Bonds
2004	\$42,450
2005	29,300
2006	3,000
2007	3,000
Total	<u>\$77,750</u>

6. **CAPITAL LEASES**

The Township has entered into capital lease agreements to finance the acquisition of ambulances and a fire truck. The following is a schedule of the future minimum lease payments under the capital leases and the present value of the net minimum lease payments at December 31, 2003:

Year Ending December 31,	2003 Fire Truck Lease	2001 Ambulance Lease	2002 Defibrillators
2004	\$63,759	\$24,026	\$34,728
2005	63,759	0	0
2006	21,253	0	0
Total Minimum Lease Payments	148,771	24,026	34,728
Less Amounts Representing Interest	(5,795)	(297)	(4,043)
Present Value of Future Minimum Lease Payments	<u>\$142,976</u>	<u>\$23,729</u>	<u>\$30,685</u>

MADISON TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

7. **RETIREMENT SYSTEMS**

The Township's fire department personnel belong to the Ohio Police and Fire Pension Funds (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of OP&F participant wages. OPERS members contributed 8.5% of their wages. The Township contributed an amount equal to 13.55% of participants' gross salaries.

8. **RISK MANAGEMENT**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty insurance 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.

9. **RELATED ORGANIZATION – MADISON WATER DISTRICT**

The Madison Township Board of Trustees are responsible for appointing individual 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.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Madison Township, Richland County
817 Expressview Drive
Mansfield, OH 44905

We have audited the financial statements of Madison Township, Richland County (the Township), as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated October 26, 2004. The report was qualified because we were unable to satisfy ourselves about EMS receipts for the year ended December 31, 2002. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 2003-2. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated October 26, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs is Item 2003-1.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition described above, we consider to be a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of the Township in a separate letter dated October 26, 2004.

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



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

October 26, 2004

MADISON TOWNSHIP
RICHLAND COUNTY

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	<u>Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain</u>
2001-40570-001	ORC Section 5705.41(D), Expenditures were not certified prior to the commitment being made.	Yes	Finding No Longer Valid
1999-40570-006	Township bank accounts not reconciled to the book balances	Yes	Finding No Longer Valid

MADISON TOWNSHIP
RICHLAND COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2003 AND DECEMBER 31, 2002
FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED
TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number 2003-1

EMS Receipts

During our review of EMS billings and receipts, we found that the Township could not reconcile recorded receipts back to statements provided by Central Ambulance Group (CAG). Currently, CAG forwards checks received to the Township four times per month with payment reports. We also noted a problem regarding the timely depositing and posting of EMS receipts.

To address this problem, we recommend depositing the checks from CAG and posting the receipts once received. A comparison of checks received to reports provided by CAG should also be done. Billing and collection reports should be compared to Township EMS run reports so the Township is aware of who has been billed and who has paid. In the latter part of 2003, the Township began implementing procedures to correct this weakness.

Finding Number 2003-2

Appropriations

Section 5705.41(B), Revised Code, requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2003, and December 31, 2002, general fund expenditures and outstanding encumbrances exceeded appropriations by \$41,215 and \$26,434, respectively. Also, in 2002 the EMS Fund had expenditures and outstanding encumbrances exceeding appropriations by \$16,087.

In addition, appropriations posted to the Township's appropriation reports did not always agree to the Township's actual annual appropriation measure for 2003. We were not able to test the area for 2002 because the appropriation records were not available. The Township Clerk should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the object level to avoid potential overspending. In addition, the Township Clerk should periodically review the Township's appropriation ledgers to ensure appropriation amounts are posted accurately and timely.



**Auditor of State
Betty Montgomery**

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MADISON TOWNSHIP

RICHLAND 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 5, 2005**