

**MADISON TOWNSHIP
COLUMBIANA COUNTY
Regular Audit
December 31, 2009 and 2008**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

Board of Trustees
Madison Township
P.O. Box 485
West Point, Ohio 44492

We have reviewed the *Independent Accountants' Report* of Madison Township, Columbiana County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 17, 2010

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**MADISON TOWNSHIP
COLUMBIANA COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

June 28, 2010

Madison Township
Columbiana County
P. O. Box 485
West Point, OH 44492

To the Board of Trustees:

We have audited the accompanying financial statements of **Madison Township, Columbiana County, Ohio**, (the Township) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of the State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008 or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Madison Township, Columbiana County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2010, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**MADISON TOWNSHIP
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$ 51,137	\$ 297,695	\$ -	\$ 348,832
Intergovernmental	95,782	163,889	-	259,671
Licenses, Permits, and Fees	5,163	-	-	5,163
Earnings on Investments	1,255	993	-	2,248
Other Revenue	5,359	5,098	-	10,457
	<u>158,696</u>	<u>467,675</u>	<u>-</u>	<u>626,371</u>
Total Cash Receipts				
	158,696	467,675	-	626,371
Cash Disbursements:				
Current:				
General Government	132,741	146,858	-	279,599
Public Safety	-	3,166	-	3,166
Public Works	-	299,737	-	299,737
Health	10,000	100	-	10,100
Debt Service:				
Redemption of Principal	-	26,713	897	27,610
Interest and Fiscal Charges	-	3,335	28	3,363
	<u>142,741</u>	<u>479,909</u>	<u>925</u>	<u>623,575</u>
Total Cash Disbursements				
	142,741	479,909	925	623,575
Total Cash Receipts Over/(Under) Cash Disbursements	<u>15,955</u>	<u>(12,234)</u>	<u>(925)</u>	<u>2,796</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	-	30	-	30
Transfers-Out	(30)	-	-	(30)
	<u>(30)</u>	<u>30</u>	<u>-</u>	<u>-</u>
Total Other Financing Receipts/(Disbursements)				
	(30)	30	-	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	15,925	(12,204)	(925)	2,796
Fund Cash Balances, January 1	<u>117,507</u>	<u>177,772</u>	<u>925</u>	<u>296,204</u>
Fund Cash Balances, December 31	<u>\$ 133,432</u>	<u>\$ 165,568</u>	<u>\$ -</u>	<u>\$ 299,000</u>

The notes to the financial statements are an integral part of the financial statements

MADISON TOWNSHIP
COLUMBIANA COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose</u>
	<u>Trust</u>
Operating Cash Receipts:	
Earnings on Investments	\$ 34
Fund Cash Balance, January 1	4,125
Fund Cash Balance, December 31	\$ 4,159

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

**MADISON TOWNSHIP
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$ 51,708	\$ 294,240	\$ -	\$ 345,948
Intergovernmental	111,508	160,949	-	272,457
Licenses, Permits, and Fees	3,544	-	-	3,544
Earnings on Investments	3,796	2,332	-	6,128
Other Revenue	930	9,456	-	10,386
	<u>171,486</u>	<u>466,977</u>	<u>-</u>	<u>638,463</u>
Total Cash Receipts				
	<u>171,486</u>	<u>466,977</u>	<u>-</u>	<u>638,463</u>
Cash Disbursements:				
Current:				
General Government	127,007	148,700	-	275,707
Public Safety	-	4,058	-	4,058
Public Works	-	318,025	-	318,025
Health	9,198	1,031	-	10,229
Capital Outlay	-	76,909	-	76,909
Debt Service:				
Redemption of Principal	-	20,470	-	20,470
Interest and Fiscal Charges	-	2,106	-	2,106
	<u>136,205</u>	<u>571,299</u>	<u>-</u>	<u>707,504</u>
Total Cash Disbursements				
	<u>136,205</u>	<u>571,299</u>	<u>-</u>	<u>707,504</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>35,281</u>	<u>(104,322)</u>	<u>-</u>	<u>(69,041)</u>
Other Financing Receipts/(Disbursements):				
Note Proceeds	-	76,909	-	76,909
Transfers-In	-	921	107	1,028
Transfers-Out	(1,028)	-	-	(1,028)
	<u>(1,028)</u>	<u>77,830</u>	<u>107</u>	<u>76,909</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(1,028)</u>	<u>77,830</u>	<u>107</u>	<u>76,909</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	34,253	(26,492)	107	7,868
Fund Cash Balances, January 1	<u>83,254</u>	<u>204,264</u>	<u>818</u>	<u>288,336</u>
Fund Cash Balances, December 31	<u>\$ 117,507</u>	<u>\$ 177,772</u>	<u>\$ 925</u>	<u>\$ 296,204</u>

The notes to the financial statements are an integral part of the financial statements

MADISON TOWNSHIP
COLUMBIANA COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose</u>
	<u>Trust</u>
Operating Cash Receipts:	
Earnings on Investments	\$ 328
Fund Cash Balance, January 1	3,797
Fund Cash Balance, December 31	\$ 4,125

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

**MADISON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Madison Township, Columbiana County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. A publicly elected three-member Board of Trustees directs the Township. The Township provides general governmental services including road, bridge, and cemetery maintenance. The Township contracts with the West Point Fire Department for fire protection and EMS services. There is no Township operated/supported police protection.

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

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 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. Deposits and Investments

The Township Clerk invests all available funds of the Township in an interest-bearing checking account, certificates of deposit, and STAR Ohio.

Certificates of deposits are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Investments in STAR Ohio are recorded at share values reported by STAR Ohio.

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:

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.

**MADISON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

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

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

Road District - This fund receives tax money for constructing, maintaining, and repairing Township roads.

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

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Bond Retirement – This fund accounts for the retirement of general obligation notes.

4. Fiduciary Fund (Private Purpose Trust)

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

Cemetery Bequest Fund – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**MADISON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 in the subsequent year.

A summary of 2009 and 2008 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

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.

**MADISON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. EQUITY IN POOLED DEPOSITS

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

	2009	2008
Demand deposits	\$ 161,419	\$ 149,847
Certificates of deposit	140,059	0
Total deposits	301,478	149,847
 STAR Ohio	1,681	150,482
Total investments	1,681	150,482
Total deposits and investments	\$ 303,159	\$ 300,329

Deposits: are either (1) insured by the Federal Deposit Insurance Corporation or (2) 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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 158,594	\$ 158,696	\$ 102
Special Revenue	467,642	467,705	63
Debt Service	-	-	-
Fiduciary	30	34	4
Total	\$ 626,266	\$ 626,435	\$ 169

Fund Type	Authority	Expenditures	Variance
General	\$ 198,320	\$ 142,771	\$ 55,549
Special Revenue	515,266	479,909	35,357
Debt Service	925	925	-
Fiduciary	-	-	-
Total	\$ 714,511	\$ 623,605	\$ 90,906

**MADISON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 171,486	\$ 171,486	\$ -
Special Revenue	542,098	544,807	2,709
Debt Service	29	107	78
Fiduciary	118	328	210
Total	\$ 713,731	\$ 716,728	\$ 2,997

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 204,954	\$ 137,233	\$ 67,721
Special Revenue	593,938	571,299	22,639
Total	\$ 798,892	\$ 708,532	\$ 90,360

4. DEBT

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Tractor Note	\$ 55,234	4.50%

The International Dump Truck Note was issued in 2005 for a period of five years for \$63,073 at an interest rate of 3.25% for a new dump truck. The note was repaid in annual payments. The prior audit report stated the December 31, 2007 balance was \$26,135 however this loan had an outstanding balance of \$26,405. This debt was paid off during 2009.

The Massey Ferguson Tractor Note was issued in 2008 for a period of five years for \$76,909 at an interest rate of 4.5% for a new tractor. The note will be repaid in semi-annual payments. The Township's taxing authority collateralized the note.

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

Year Ending December 31:	International Dump Truck
2010	\$ 17,258
2011	17,258
2012	17,258
2013	8,629
Total	\$ 60,403

**MADISON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. PROPERTY TAX

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

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

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

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

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides 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. For 2009 and 2008, members of PERS contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

7. RISK MANAGEMENT

Risk Pool Membership

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**MADISON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

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 coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

**MADISON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. RISK MANAGEMENT (Continued)

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$6,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2009	\$3,012
2008	\$3,646

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Perry & Associates
Certified Public Accountants, A.C.

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

June 28, 2010

Madison Township
Columbiana County
P. O. Box 485
West Point, OH 44492

To the Board of Trustees:

We have audited the financial statements of **Madison Township, Columbiana County, Ohio** (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 28, 2010 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

Madison Township
Columbiana County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Compliance and Other Matters

As part of reasonably assuring whether the 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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**MADISON TOWNSHIP
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Material Weakness

Posting Receipts and Expenditures

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2008 and 2009, several receipts and expenditures were not posted into accurate classifications based on the source of the receipt or expenditure. The following posting errors were noted:

- Expenditures for debt were recorded to Public Works instead of Redemption of Principal and Interest and Other Fiscal Charges during 2008
- Acquisition of new debt was recorded to Other Receipts instead of Note Proceeds

Not posting revenues and expenditures accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications.

We recommend the Clerk refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Township Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.

**MADISON TOWNSHIP
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	ORC Section 5705.39 – Appropriations exceeding estimates resources	Yes	N/A
2007-002	Proper Posting of Receipts and Disbursements	No	Repeated as Finding 2009-001



Mary Taylor, CPA
Auditor of State

MADISON TOWNSHIP

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 31, 2010**