

MAD RIVER TOWNSHIP

DAYTON REGION, CLARK COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2010 – 2009



Dave Yost • Auditor of State

Board of Trustees
Mad River Township
P. O. Box 34
Enon, Ohio 45323

We have reviewed the *Independent Auditors' Report* of Mad River Township, Clark County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2009 through December 31, 2010. 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 Auditors' 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 Auditors' 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. Mad River Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 15, 2011

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**MAD RIVER TOWNSHIP
CLARK COUNTY**

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Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

INDEPENDENT AUDITORS' REPORT

Mad River Township
Clark County
P.O. Box 34
Enon, Ohio 45323

To the Board of Trustees:

We have audited the accompanying financial statements of Mad River Township, Clark County, Ohio, (the Township), as of and for the years ended December 31, 2010 and 2009. 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 that 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 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, 2010 and 2009 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, 2010 and 2009, or its changes in financial position or cash flows, where applicable for the years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Mad River Township, Clark County, Ohio, as of December 31, 2010 and 2009, 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 a part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2011, 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.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 20, 2011

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**MAD RIVER TOWNSHIP
CLARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

GOVERNMENTAL FUND TYPES

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total (Memorandum Only)</u>
Cash Receipts:						
Property and Other Local Taxes	\$ 106,107	\$ 812,561	\$ 9,380	\$ 12,840	\$ 0	\$ 940,888
Charges for Services	0	310,642	0	0	0	310,642
Licenses, Permits, and Fees	55,191	57,759	0	0	0	112,950
Fines and Forfeitures	1,209	0	0	0	0	1,209
Intergovernmental	97,071	352,754	0	397,143	0	846,968
Special Assessments	0	17,281	0	0	0	17,281
Earnings on Investments	10,921	1,720	0	0	43	12,684
Miscellaneous	23,671	148,826	0	0	0	172,497
Total Cash Receipts	<u>294,170</u>	<u>1,701,543</u>	<u>9,380</u>	<u>409,983</u>	<u>43</u>	<u>2,415,119</u>
Cash Disbursements:						
Current:						
General Government	177,200	619	0	0	0	177,819
Public Safety	5,502	983,410	0	0	0	988,912
Public Works	0	303,787	0	0	0	303,787
Health	0	77,895	0	0	0	77,895
Capital Outlay	151,638	95,547	0	489,668	0	736,853
Debt Service						
Redemption of Principal	0	0	7,796	32,478	0	40,274
Interest and Fiscal Charges	0	0	1,584	6,604	0	8,188
Total Cash Disbursements	<u>334,340</u>	<u>1,461,258</u>	<u>9,380</u>	<u>528,750</u>	<u>0</u>	<u>2,333,728</u>
Total Receipts Over/(Under) Disbursements	<u>(40,170)</u>	<u>240,285</u>	<u>0</u>	<u>(118,767)</u>	<u>43</u>	<u>81,391</u>
Other Financing Receipts/(Disbursements):						
Advances-In	0	5,000	0	0	0	5,000
Advances-Out	(5,000)	0	0	0	0	(5,000)
Total Other Financing Receipts/(Disbursements):	<u>(5,000)</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(45,170)</u>	<u>245,285</u>	<u>0</u>	<u>(118,767)</u>	<u>43</u>	<u>81,391</u>
Fund Cash Balances, January 1	<u>997,332</u>	<u>1,113,888</u>	<u>0</u>	<u>590,148</u>	<u>4,386</u>	<u>2,705,754</u>
Fund Cash Balances, December 31	<u>\$ 952,162</u>	<u>\$ 1,359,173</u>	<u>0</u>	<u>471,381</u>	<u>4,429</u>	<u>\$ 2,787,145</u>

The Notes to the Financial Statements are an integral part of this statement.

**MAD RIVER TOWNSHIP
CLARK 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**

GOVERNMENTAL FUND TYPES

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total (Memorandum Only)</u>
Cash Receipts:					
Property and Other Local Taxes	\$ 108,665	\$ 828,713	\$ 143,924	\$ 0	\$ 1,081,302
Charges for Services	0	270,593	0	0	270,593
Licenses, Permits, and Fees	62,919	48,823	0	0	111,742
Fines and Forfeitures	1,090	0	0	0	1,090
Intergovernmental	178,890	400,742	457,863	0	1,037,495
Special Assessments	0	10,103	0	0	10,103
Earnings on Investments	28,284	3,754	0	74	32,112
Miscellaneous	4,335	43,760	0	0	48,095
Total Cash Receipts	<u>384,183</u>	<u>1,606,488</u>	<u>601,787</u>	<u>74</u>	<u>2,592,532</u>
Cash Disbursements:					
Current:					
General Government	153,782	618	0	0	154,400
Public Safety	0	966,126	0	0	966,126
Public Works	0	230,507	0	185	230,692
Health	0	93,530	0	0	93,530
Capital Outlay	169,531	319,908	619,785	0	1,109,224
Total Cash Disbursements	<u>323,313</u>	<u>1,610,689</u>	<u>619,785</u>	<u>185</u>	<u>2,553,972</u>
Total Receipts Over/(Under) Disbursements	<u>60,870</u>	<u>(4,201)</u>	<u>(17,998)</u>	<u>(111)</u>	<u>38,560</u>
Other Financing Receipts/(Disbursements):					
Sale of Bonds	0	0	217,000	0	217,000
Advances-In	100,761	30,000	50,761	0	181,522
Advances-Out	(80,761)	(50,000)	(50,761)	0	(181,522)
Total Other Financing Receipts/(Disbursements):	<u>20,000</u>	<u>(20,000)</u>	<u>217,000</u>	<u>0</u>	<u>217,000</u>
Excess of Cash Receipts and other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	80,870	(24,201)	199,002	(111)	255,560
Fund Cash Balances, January 1	<u>916,462</u>	<u>1,138,089</u>	<u>391,146</u>	<u>4,497</u>	<u>2,450,194</u>
Fund Cash Balances, December 31	<u>\$ 997,332</u>	<u>\$ 1,113,888</u>	<u>\$ 590,148</u>	<u>\$ 4,386</u>	<u>\$ 2,705,754</u>

The Notes to the Financial Statements are an integral part of this statement.

**MAD RIVER TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Mad River Township of Clark County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides 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 the Auditor of State prescribes or permits. 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

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

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:

General Fund:

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**MAD RIVER TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

Special Revenue Funds:

These funds 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:

Fire Levy Fund – This fund receives property tax money and donations for providing fire protection.

Emergency Service Fund – This fund receives property tax money and charges for services to pay for maintaining the Township's EMS service.

Debt Service Funds:

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

General Bond-Note Retirement Fund – This fund receives transfers from other funds to pay outstanding bonds or note indebtedness.

Capital Project Funds:

These funds account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant capital project funds:

Fire and Ambulance Equipment and Building – This fund receives tax money for providing and maintaining fire apparatus, ambulance equipment, and buildings.

Public Works Commission – This fund received money from the Ohio Public Works Commission for the Green Meadows Road Reconstruction and Safety Project.

Permanent Funds:

These funds account for resources restricted by legally binding trust agreements. The Township had the following significant permanent fund:

Cemetery Bequest Fund – This fund maintains cemetery funds based upon donor imposed restrictions.

**MAD RIVER TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and any amendments. The County Budget Commission must approve the appropriation measure. Unencumbered appropriations lapse at year-end.

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.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled, and re-appropriated in the subsequent year.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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.

**MAD RIVER TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ 608,046	\$ 126,656
Certificates of deposit	<u>2,179,099</u>	<u>2,579,098</u>
Total deposits	<u>\$ 2,787,145</u>	<u>\$2,705,754</u>

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

**MAD RIVER TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2010 was as follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 293,285	\$ 294,170	\$ 885
Special Revenue	1,692,380	1,701,543	9,163
Debt Service	39,380	9,380	(30,000)
Capital Projects	396,831	409,983	13,152
Permanent	41	43	2
Total	<u>\$ 2,421,917</u>	<u>\$ 2,415,119</u>	<u>\$ (6,798)</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,015,600	\$ 334,340	\$ 681,260
Special Revenue	1,909,944	1,461,258	448,686
Debt Service	9,380	9,380	0
Capital Projects	950,331	528,750	421,581
Permanent	0	0	0
Total	<u>\$ 3,885,255</u>	<u>\$ 2,333,728</u>	<u>\$ 1,551,527</u>

Budgetary activity for the year ending December 31, 2009 was as follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 290,580	\$ 384,183	\$ 93,603
Special Revenue	1,606,297	1,606,488	191
Capital Projects	818,787	818,787	0
Permanent	25	74	49
Total	<u>\$ 2,715,689</u>	<u>\$ 2,809,532</u>	<u>\$ 93,843</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 924,550	\$ 323,313	\$ 601,237
Special Revenue	2,121,527	1,610,689	510,838
Capital Projects	1,125,499	619,785	505,714
Permanent	185	185	0
Total	<u>\$ 4,171,761</u>	<u>\$ 2,553,972</u>	<u>\$ 1,617,789</u>

**MAD RIVER TOWNSHIP
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. 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.

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 SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses and injuries to employees. The Township insures against injuries through the Ohio Bureau of Worker's Compensation.

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, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

**MAD RIVER TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

6. RISK MANAGEMENT (Continued)

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.

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, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$ 38,982,088	\$ 40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Retained Earnings	<u>\$ 26,101,322</u>	<u>\$ 27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

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.

Contributions to OTARMA

2010	\$28,394
2009	\$23,456
2008	\$24,646

After completing one year of membership, member may withdraw on each anniversary of the date they joined OTARMA provided the give 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.

**MAD RIVER TOWNSHIP
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

7. JOINT VENTURE

Based on an agreement, written by the Clark County Prosecutors Office, signed and dated on December 5, 2001, by the Green and Mad River Township Trustees, the Townships entered into a joint agreement to mutually share all expenses for the operation of the Husted Fire and EMS Departments.

Said agreement was based on Ohio Revised Code Section 505.37(B), which authorizes boards of Township Trustees to unite in the joint purchase, maintenance, use, and operation of fire-fighting and emergency medical services equipment. This agreement states in part that the funding for operation of the two departments shall be apportioned equally between the two Townships.

8. DEBT

Debt outstanding at December 31, 2010 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Truck Bonds	\$142,522	3.74%
Road Equipment Bonds	34,205	3.74%
	\$176,727	

Fire Truck Bonds were obtained in 2009 in the amount of \$175,000 with a 3.74% interest rate. The bonds will be repaid in annual principal and interest payments of \$39,023 due in June of each year, with final payment to be made in June 2014.

Road Equipment Bonds were obtained in 2009 in the amount of \$42,000 with a 3.74% interest rate. The bonds will be repaid in annual principal and interest payments of \$9,366 due in June of each year, with final payment to be made in June 2014.

Amortization of the above debt is scheduled as follows:

Year	Fire Truck Bonds		Road Equipment Bonds	
	Principal	Interest	Principal	Interest
2011	\$ 33,693	\$ 5,330	\$ 8,087	\$ 1,279
2012	34,953	4,070	8,390	976
2013	36,260	2,763	8,704	662
2014	37,616	1,407	9,024	339
Totals	\$ 142,522	\$ 13,570	\$ 34,205	\$ 3,256

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

Mad River Township
Clark County
P.O. Box 34
Enon, Ohio 45323

To the Board of Trustees:

We have audited the financial statements of Mad River Township, Clark County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 20, 2011, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected, and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as Finding Number 2010-001.

We noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 20, 2011.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 20, 2011

**MAD RIVER TOWNSHIP
CLARK COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D) (1) and 5705.41 (D) (3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval or expenditures by the Township.
2. **Blanket certificate** – Fiscal officers may prepare "blanket" against any specific line item account over a period exceeding three months or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super blanket certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

Contrary to this requirement, the Township failed to properly certify 34 and 19 expenditures tested in 2010 and 2009. The corresponding purchase orders for these expenses were issued after the incurrence of the expense without being certified as "then and now." Additionally, the Township issued "Then and Now" certificates for amounts in excess of the \$3,000 limitation.

**MAD RIVER TOWNSHIP
CLARK COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>

FINDING NUMBER 2010-002, Continued

Effort should be made by the Township to properly utilize the encumbrance method of accounting by certifying the availability of funds on properly approved purchase orders to improve controls over disbursements and help reduce the possibility of the Township exceeding budgetary spending limitations. The Township should obtain a proper and approved purchase order, including amounts, which contain the Fiscal Officer's certification indicated by a signature that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

Response: None

**MAD RIVER TOWNSHIP
CLARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2008-001	Ohio Admin Code Sec 117-2 - Books and records were not accurately maintained, all transaction not properly recorded resulting in misstatement of annual financial reports	Yes	
2008-002	ORC Sec. 5705.41(D) - Township failed to properly certify the availability of funds prior to incurring the each expense	No	Reissued as Finding Number 2010-002
2008-003	ORC Sec. 5705.36 - Estimated receipts were found to be in excess of actual receipts	Partially	Issued as Management Letter Comment
2008-004	ORC Sec. 5705.39 - Appropriations were found to be in excess of estimated resources	Yes	



Dave Yost • Auditor of State

MAD RIVER TOWNSHIP

CLARK 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
JULY 28, 2011**