



**MADISON TOWNSHIP
RICHLAND COUNTY**

NON-GAGAS AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012



Dave Yost • Auditor of State

**MADISON TOWNSHIP
RICHLAND COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Accountant's Report.....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012.....	4
Notes to the Financial Statements	5
Accountant's Report on Internal Control Over Financial Reporting and on compliance and Other Matters	13
Schedule of Findings	15
Schedule of Prior Audit Findings	17

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Dave Yost • Auditor of State

ACCOUNTANT'S REPORT

Madison Township
Richland County
817 Expressview Drive
Mansfield, Ohio 44905

To the Board of Trustees:

We have selectively tested certain accounts, financial records, files and reports of Madison Township, Richland County, Ohio (the Township) as of and for the years ended December 31, 2013 and 2012 following Ohio Admin. Code §117-4-02.

There are reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we express no opinion on them.

As discussed further in Note 9 to the financial statements, the Township was declared in Fiscal Caution by the Auditor of State on May 17, 2012. Note 9 describes management's plan regarding this matter. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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

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Dave Yost
Auditor of State
Columbus, Ohio

July 14, 2015

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**MADISON TOWNSHIP
RICHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 60,378	\$ 1,440,550	\$ -	\$ -	\$ 1,500,928
Charges for Services	-	264,793	-	-	264,793
Licenses, Permits and Fees	10,087	-	-	-	10,087
Intergovernmental	83,087	676,806	-	-	759,893
Special Assessments	-	25,617	-	-	25,617
Earnings on Investments	392	65	-	-	457
Miscellaneous	1,135	14,157	-	-	15,292
<i>Total Cash Receipts</i>	<u>155,079</u>	<u>2,421,988</u>	<u>-</u>	<u>-</u>	<u>2,577,067</u>
Cash Disbursements					
Current:					
General Government	141,802	33,115	-	-	174,917
Public Safety	-	1,123,973	-	-	1,123,973
Public Works	2,610	423,407	-	11,844	437,861
Health	-	60,117	-	-	60,117
Human Services	-	140,631	-	-	140,631
Other	-	1,383	-	-	1,383
Capital Outlay	-	40,272	-	-	40,272
Debt Service:					
Principal Retirement	-	58,349	150,000	-	208,349
Interest and Fiscal Charges	-	6,460	1,132	-	7,592
<i>Total Cash Disbursements</i>	<u>144,412</u>	<u>1,887,707</u>	<u>151,132</u>	<u>11,844</u>	<u>2,195,095</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,667</u>	<u>534,281</u>	<u>(151,132)</u>	<u>(11,844)</u>	<u>381,972</u>
Other Financing Receipts (Disbursements)					
Sale of Notes	-	150,000	-	-	150,000
Other Debt Proceeds	-	-	-	11,844	11,844
Transfers In	-	-	151,132	-	151,132
Transfers Out	(1,132)	(150,000)	-	-	(151,132)
Other Financing Sources	1,061	25,677	-	-	26,738
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(71)</u>	<u>25,677</u>	<u>151,132</u>	<u>11,844</u>	<u>188,582</u>
<i>Net Change in Fund Cash Balances</i>	10,596	559,958	-	-	570,554
<i>Fund Cash Balances, January 1</i>	<u>74,670</u>	<u>133,716</u>	<u>-</u>	<u>-</u>	<u>208,386</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	-	-
Restricted	-	339,562	-	-	339,562
Committed	-	354,112	-	-	354,112
Assigned	3,519	-	-	-	3,519
Unassigned (Deficit)	81,747	-	-	-	81,747
<i>Fund Cash Balances, December 31</i>	<u>\$ 85,266</u>	<u>\$ 693,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 778,940</u>

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

**MADISON TOWNSHIP
RICHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 61,068	\$ 1,189,259	\$ -	\$ -	\$ 1,250,327
Charges for Services	-	301,720	-	-	301,720
Licenses, Permits and Fees	5,985	-	-	-	5,985
Intergovernmental	80,778	582,643	-	-	663,421
Special Assessments	-	27,275	-	-	27,275
Earnings on Investments	319	144	-	-	463
Miscellaneous	128,526	81,814	-	-	210,340
<i>Total Cash Receipts</i>	<u>276,676</u>	<u>2,182,855</u>	<u>-</u>	<u>-</u>	<u>2,459,531</u>
Cash Disbursements					
Current:					
General Government	142,481	35,541	-	-	178,022
Public Safety	-	1,360,452	-	-	1,360,452
Public Works	3,313	488,475	-	61,173	552,961
Health	-	29,055	-	-	29,055
Human Services	-	257,269	-	-	257,269
Other	-	245	-	-	245
Capital Outlay	-	12,842	-	-	12,842
Debt Service:					
Principal Retirement	-	52,939	180,000	-	232,939
Interest and Fiscal Charges	-	8,390	1,593	-	9,983
<i>Total Cash Disbursements</i>	<u>145,794</u>	<u>2,245,208</u>	<u>181,593</u>	<u>61,173</u>	<u>2,633,768</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>130,882</u>	<u>(62,353)</u>	<u>(181,593)</u>	<u>(61,173)</u>	<u>(174,237)</u>
Other Financing Receipts (Disbursements)					
Sale of Notes	180,000	-	-	-	180,000
Other Debt Proceeds	-	-	-	61,173	61,173
Transfers In	-	15,000	199,531	-	214,531
Transfers Out	(199,531)	(15,000)	-	-	(214,531)
Advances In	122,000	139,000	-	-	261,000
Advances Out	(139,000)	(122,000)	-	-	(261,000)
Other Financing Sources	113	515	-	-	628
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(36,418)</u>	<u>17,515</u>	<u>199,531</u>	<u>61,173</u>	<u>241,801</u>
<i>Net Change in Fund Cash Balances</i>	94,464	(44,838)	17,938	-	67,564
<i>Fund Cash Balances, January 1</i>	<u>(19,794)</u>	<u>178,554</u>	<u>(17,938)</u>	<u>-</u>	<u>140,822</u>
Fund Cash Balances, December 31					
Restricted	-	87,905	-	-	87,905
Committed	-	45,811	-	-	45,811
Assigned	6,132	-	-	-	6,132
Unassigned (Deficit)	68,538	-	-	-	68,538
<i>Fund Cash Balances, December 31</i>	<u>\$ 74,670</u>	<u>\$ 133,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,386</u>

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

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 the Madison Township, Richland 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, 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 participates in a public entity risk pool and is associated with a related organization. Notes 7 and 8 to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pool:

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

Related Organization:

The Madison Township Board of Trustees are responsible for appointing individuals to serve on the Board of Trustees of the Madison Water District. Note 8 to the financial statements provide additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

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

Fire District Fund - This fund accounts for and reports property tax money restricted for the purpose of providing fire and emergency medical services to the Township.

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

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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 or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

5. Unassigned

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

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

G. 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.

H. 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.

2. Equity in Pooled Deposits and Investments

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

	2013	2012
Demand deposits	\$777,628	\$207,075
STAR Ohio	1,312	1,311
Total deposits and investments	\$778,940	\$208,386

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

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 140,780	\$ 156,140	\$ 15,360
Special Revenue	2,467,656	2,597,665	130,009
Debt Service	151,132	151,132	-
Capital Projects	11,844	11,844	-
Total	\$ 2,771,412	\$ 2,916,781	\$ 145,369

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 150,652	\$ 145,836	\$ 4,816
Special Revenue	2,429,735	2,316,442	113,293
Debt Service	151,132	151,132	-
Capital Projects	11,844	11,844	-
Total	\$ 2,743,363	\$ 2,625,254	\$ 118,109

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 467,997	\$ 456,789	\$ (11,208)
Special Revenue	2,303,972	2,207,667	(96,305)
Debt Service	181,593	199,531	17,938
Capital Projects	61,173	61,173	-
Total	\$ 3,014,735	\$ 2,925,160	\$ (89,575)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 448,000	\$ 345,325	\$ 102,675
Special Revenue	2,354,988	2,265,096	89,892
Debt Service	163,655	181,593	(17,938)
Capital Projects	61,173	61,173	-
Total	\$ 3,027,816	\$ 2,853,187	\$ 174,629

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Property Tax

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

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

5. Debt

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
2011 Road Equipment Bonds	\$70,300	4.25%
2012 Ohio Public Works Commission Loan	73,017	0.00%
2010 Turn Out Gear Capital Lease	27,341	5.50%
Total	\$170,658	

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

During 2012 and 2013, the Township obtained an interest-free loan from the Ohio Public Works Commission for road resurfacing and culvert repair.

During 2010, the Township has entered into lease agreement with Republic First National Corporation to finance the acquisition of turn out gear for the fire department.

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

	General		
Year ending December 31:	Obligation Bonds	Capital Lease	OPWC
2014	\$ 10,588	\$ 21,357	\$ 3,042
2015	10,565	7,119	3,042
2016	10,529	-	3,042
2017	10,481	-	3,042
2018	10,619	-	3,042
2019-2023	31,869	-	15,212
2024-2028	-	-	15,212
2029-2033	-	-	15,212
2034-2037	-	-	12,171
Total	\$ 84,651	\$ 28,476	\$ 73,017

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. Retirement Systems

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10% of their wages through June 30, 2013 and 10.75% of their wages after July 1, 2013. For 2013 and 2012, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

7. Risk Management

Risk Pool Membership

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management (Continued)

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2012 and 2013.

	<u>2012</u>	<u>2013</u>
Assets	\$13,100,381	\$13,774,304
Liabilities	<u>(6,687,193)</u>	<u>(7,968,395)</u>
Members' Equity	<u>\$6,413,188</u>	<u>\$5,805,909</u>

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

8. Related Organization – Madison Water District

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

9. Fiscal Analysis

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



Dave Yost • Auditor of State

ACCOUNTANT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Madison Township
Richland County
817 Expressview Drive
Mansfield, Ohio 44905

To the Board of Trustees:

We have selectively tested certain accounts, financial records, files and reports of Madison Township, Richland County, Ohio (the Township) as of and for the years ended December 31, 2013 and 2012 following Ohio Admin. Code §117-4-02. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

Internal Control Over Financial Reporting

During our procedures related to the internal control over financial reporting, we noted matters that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. In addition, these matters could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. These matters are described in the Schedule of Findings as items 2013-001 and 2013-002.

Compliance and Other Matters

We tested compliance with certain provisions of laws, regulations, contract, and grant agreements applicable to the Township. Non-compliance with these requirements could impact the Township's ability to determine financial statement amounts. The results of our tests disclosed an instance of non-compliance or other matter that are reported in the accompanying Schedule of Findings as item 2013-001.

Purpose of this Report

We intend this report solely for the information and use of the management, Board of Trustees, other officials authorized to receive this report under Section 117.26, Ohio Rev. Code, and others within the Township. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State
Columbus, Ohio

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Phone: 614-466-3402 or 800-443-9275
www.ohioauditor.gov

July 14, 2015

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**MADISON TOWNSHIP
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Finding Number	2013-001
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Tax Anticipation Notes

Ohio Rev. Code §133.10(C) provides that in anticipation of the collection of current property tax revenues in and for any fiscal year, the taxing authority of a county, municipal corporation, township, or school district may issue securities, but the aggregate principal amount of those securities and of any securities issued pursuant to division (A) of this section outstanding at the time of issuance shall not exceed one-half of the amount that the budget commission estimates the subdivision will receive from all property taxes that are to be distributed to the subdivision from all settlements of taxes that are to be made in the remainder of that fiscal year, other than taxes to be received for the payment of debt charges, and less all advances.

Furthermore, **Ohio Rev. Code §133.10(E)(1)** provides that the amounts from the sources anticipated needed to pay debt charges and financing costs shall be considered appropriated for that purpose, and other appropriations from those sources by the taxing authority shall be limited to the balance available after deducting the amount to pay those debt charges and financing costs. The portions of those amounts as received and to be applied to those debt charges shall be deposited and set aside in an account for the purpose in the bond retirement fund in the amounts and at the times required to pay those debt charges as provided for by the authorizing legislation or otherwise provided by law.

During 2013 and 2012, the Township issued tax anticipation notes (TANs) under §133.10(C) of the Revised Code in the amounts of \$150,000 and \$180,000, respectively. However, these TANs were repaid from the General and Fire District funds rather than from the bond retirement fund.

The Township has agreed to, and posted adjustments in the financial statements to record the debt service expenditures related to the TANs in the bond retirement fund rather than in the General and Fire District funds.

We recommend the Township post debt service expenditures related to TANs issued under Ohio Rev. Code §133.10(C) to a bond retirement fund.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (Continued)

Finding Number	2013-002
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Financial Reporting

Sound financial reporting is the responsibility of the Fiscal Officer and Township Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Twenty-five audit adjustments were made to the financial statements and five unadjusted differences were noted to accurately reflect receipts and expenditures. These adjustments and unadjusted differences ranged in dollar amounts from \$450 to \$693,674. Below are descriptions of the types of adjustments and unadjusted differences relating to the Township's December 31, 2013 and 2012 financial statements.

- Reclassification of rental receipts from Licenses, Permits & Fees to Miscellaneous Receipts in the General Fund.
- Improper posting of TAN debt service expenditures in the General and Fire District funds rather than the Debt Service Fund – See Finding 2013-001.
- Improper posting of OPWC activity in the Road & Bridge fund rather than the OPWC capital projects fund and unposted OPWC on-behalf activity in the OPWC capital projects fund.
- Reclassification of a transfer from Charges for Services to Transfers-In in the EMS fund.
- Reclassification of homestead and rollback receipts from Transfers-In to Intergovernmental Receipts in the Fire District fund.
- Reclassification of TAN proceeds from Property & Other Local Taxes to Other Financing Sources-Sale of Notes in the General Fund and from Miscellaneous Receipts to Other Financing Sources-Sale of Notes in the Fire District fund.
- Reclassification of debt service expenditures from Public Safety to Debt Service in the EMS, Permissive, and Fire District funds.
- Reclassification of insurance proceeds from Property & Other Local Taxes to Miscellaneous Receipts in the General Fund.
- Reclassification of local grants from Property & Local Taxes to Miscellaneous Receipts in the General Fund.
- Reclassification of land bank contract fees from Property & Other Local Taxes to Licenses, Permits, & Fees in the General Fund.
- Classification of fund balance as nonspendable, restricted, committed, assigned, and/or unassigned.

The Township has posted the proposed twenty-five audit adjustments to their financial statements and accounting records.

We recommend the Township implement additional procedures to provide assurance over the completeness and accuracy of information reported within the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

**MADISON TOWNSHIP
RICHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2011-001	Ohio Rev. Code §5705.10(H) – negative fund balances	No	Not corrected – comment is being repeated in the Management Letter
2011-002	Ohio Rev. Code §5705.34 – failure to certify tax levies	Yes	
2011-003	Ohio Rev. Code §5705.36(A)(1) – failure to certify available resources	Yes	
2011-004	Ohio Rev. Code §5705.36(A)(4) – appropriations in excess of actual resources	No	Partially corrected – comment is being repeated in the Management Letter
2011-005	Ohio Rev. Code §5705.39 – appropriations in excess of estimated resources	No	Partially corrected – comment is being repeated in the Management Letter
2011-006	Ohio Rev. Code §5705.41(B) – expenditures in excess of appropriations	No	Not corrected – comment is being repeated in the Management Letter
2011-007	Ohio Rev. Code §5705.41(D) – failure to properly encumber funds	No	Not corrected – comment is being repeated in the Management Letter
2011-008	Ohio Admin. Code §117-2-02(C)(1) – variances between approved and posted estimated receipts and appropriations	No	No corrected – comment is being repeated in the Management Letter
2011-009	Ohio Rev. Code §742.01(L)(1) – failure to withhold pension from holiday and longevity pay	Yes	
2011-010	26 U.S.C §1.61-21 – failure to include fringe benefits in gross wages	Yes	
2011-011	Ohio Rev. Code §135.14 – failure to file exemption of investment policy		Finding no longer valid
2011-012	Township Credit Card Policy – purchases not approved in advance, not tax exempt, and not properly supported		Finding no longer valid
2011-013	Bank Reconciliations – not properly reconciled	Yes	
2011-014	Disbursement Internal Control	Yes	
2011-015	Reconciliation of ambulance receipts, review of billing reports, and approval of uncollectable accounts	No	Partially corrected – comment is being repeated as a verbal comment.
2011-016	Stale Dated Checks	No	Not corrected – comment is being repeated in the Management Letter
2011-017	Transfers Improperly Posted	Yes	

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Dave Yost • Auditor of State

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
SEPTEMBER 15, 2015**