



**MADISON TOWNSHIP  
RICHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



MADISON TOWNSHIP  
RICHLAND COUNTY

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OFFICE OF THE AUDITOR**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Madison Township  
Richland County  
843 Expressview Drive  
Mansfield, Ohio 44905

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Richland County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2002, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

May 31, 2002

**MADISON TOWNSHIP  
RICHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$60,180	\$840,082	\$0		\$900,262
Intergovernmental	122,754	511,900			634,654
Special Assessments				\$28,202	28,202
Charges for Services		206,221			206,221
Licenses, Permits, and Fees	7,833				7,833
Fines, Forfeitures, and Penalties	115				115
Earnings on Investments	16,640	1,135			17,775
Miscellaneous	13,357	18,449			31,806
	<u>220,879</u>	<u>1,577,787</u>	<u>0</u>	<u>28,202</u>	<u>1,826,868</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	155,775				155,775
Public Safety	1,155	636,425			637,580
Public Works	1,546	523,187			524,733
Human Services		51,933			51,933
Debt Service:					
Redemption of Principal	13,150	67,236	27,591		107,977
Interest and Fiscal Charges	759	10,491	2,028		13,278
Capital Outlay	175,000	20,250		25,867	221,117
	<u>347,385</u>	<u>1,309,522</u>	<u>29,619</u>	<u>25,867</u>	<u>1,712,393</u>
Total Cash Receipts (Under)/Over Cash Disbursements	<u>(126,506)</u>	<u>268,265</u>	<u>(29,619)</u>	<u>2,335</u>	<u>114,475</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Loans	131,500				131,500
Sale of Assets		5,262			5,262
Transfers-In		780			780
Transfers-Out	(400)		(380)		(780)
Other Sources	1,798	12,759			14,557
	<u>132,898</u>	<u>18,801</u>	<u>(380)</u>	<u>0</u>	<u>151,319</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	6,392	287,066	(29,999)	2,335	265,794
Fund Cash Balances, January 1	148,636	275,487	29,999	4,232	458,354
<b>Fund Cash Balances, December 31</b>	<b><u>\$155,028</u></b>	<b><u>\$562,553</u></b>	<b><u>\$0</u></b>	<b><u>\$6,567</u></b>	<b><u>\$724,148</u></b>
Reserves for Encumbrances, December 31	<u>\$25,726</u>	<u>\$35,726</u>	<u>\$0</u>	<u>\$0</u>	<u>\$61,452</u>

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

**MADISON TOWNSHIP  
RICHLAND COUNTY**

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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$54,115	\$529,068	\$57,000		\$640,183
Intergovernmental	93,520	374,204			467,724
Special Assessments				\$27,398	27,398
Charges for Services		153,694			153,694
Licenses, Permits, and Fees	8,497				8,497
Fines, Forfeitures, and Penalties	460				460
Earnings on Investments	20,502	1,758			22,260
Miscellaneous	4,273	54,162			58,435
	<u>181,367</u>	<u>1,112,886</u>	<u>57,000</u>	<u>27,398</u>	<u>1,378,651</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	154,766	2,661			157,427
Public Safety	23,985	558,106			582,091
Public Works		536,254			536,254
Human Services		71,970			71,970
Debt Service:					
Redemption of Principal		170,128	56,032		226,160
Interest and Fiscal Charges		11,898	5,969		17,867
Capital Outlay				25,687	25,687
	<u>178,751</u>	<u>1,351,017</u>	<u>62,001</u>	<u>25,687</u>	<u>1,617,456</u>
<b>Total Cash Disbursements</b>					
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,616</u>	<u>(238,131)</u>	<u>(5,001)</u>	<u>1,711</u>	<u>(238,805)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Loans		138,000			138,000
Sale of Assets		22,750			22,750
Other Sources	1,360	17,178			18,538
Other Uses			(20,044)		(20,044)
	<u>1,360</u>	<u>177,928</u>	<u>(20,044)</u>	<u>0</u>	<u>159,244</u>
<b>Total Other Financing Receipts/(Disbursements)</b>					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,976	(60,203)	(25,045)	1,711	(79,561)
Fund Cash Balances, January 1	144,660	335,690	55,044	2,521	537,915
<b>Fund Cash Balances, December 31</b>	<u><u>148,636</u></u>	<u><u>275,487</u></u>	<u><u>29,999</u></u>	<u><u>4,232</u></u>	<u><u>458,354</u></u>
Reserves for Encumbrances, December 31	<u>\$2,923</u>	<u>\$35,735</u>	<u>\$0</u>	<u>\$0</u>	<u>\$38,658</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, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Investments are included as part of the cash fund balances. 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.

**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.

**2. Special Revenue Funds**

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

**MADISON TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

*Fire District Fund* - This fund receives tax money for the purpose of providing fire protection to the Township.

*Permissive Motor Vehicle License Tax Fund* - This fund receives tax money for the resurfacing of Township roads.

**3. Debt Service Fund**

This fund is used to accumulate resources for the payment of note indebtedness. The Township has the following Debt Service Fund:

*Note Retirement Fund* - This fund is used to accumulate resources for the payment of principal and interest on the Township's debt issues.

**4. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township has the following Capital Projects Fund:

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

**E. Budgetary Process**

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

**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 the appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**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 also approve estimated resources.

**MADISON TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**E. Budgetary Process (Continued)**

**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. During 2001 and 2000, the Township did not encumber all commitments as required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay 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. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$402,598	\$150,704
Investments (STAR Ohio)	<u>321,550</u>	<u>307,650</u>
Total deposits and investments	<u><u>\$724,148</u></u>	<u><u>\$458,354</u></u>

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

**MADISON TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and 2000, was as follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$191,400	\$354,177	\$162,777
Special Revenue	1,870,000	1,596,588	(273,412)
Debt Service	0	0	0
Capital Projects	36,000	28,202	(7,798)
Total	\$2,097,400	\$1,978,967	(\$118,433)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$345,020	\$373,511	(\$28,491)
Special Revenue	1,864,758	1,345,248	519,510
Debt Service	124,617	29,999	94,618
Capital Projects	32,379	25,867	6,512
Total	\$2,366,774	\$1,774,625	\$592,149

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$186,500	\$182,727	(\$3,773)
Special Revenue	1,529,876	1,290,814	(239,062)
Debt Service	35,000	57,000	22,000
Capital Projects	30,040	27,398	(2,642)
Total	\$1,781,416	\$1,557,939	(\$223,477)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$300,659	\$181,674	\$118,985
Special Revenue	1,729,191	1,386,752	342,439
Debt Service	70,000	82,045	(12,045)
Capital Projects	32,559	25,687	6,872
Total	\$2,132,409	\$1,676,158	\$456,251

Contrary to Ohio Rev. Code Section 5705.41 (D), the Township did not always certify the availability of certain funds prior to entering into the commitment during 2001 and 2000.

**MADISON TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal 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.

**5. DEBT**

Debt outstanding at December 31, 2001, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	\$118,350	3.52%

The General Obligation Note was issued during 2001 in the amount of \$131,500 to finance the purchase of a new building and property located within the Township. The note is collateralized solely by the Township's taxing authority.

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

	<u>General Obligation Note</u>
Year ending December 31:	
2002	\$30,224
2003	29,309
2004	28,383
2005	27,457
2006	13,381
Total	<u><u>\$128,754</u></u>

**MADISON TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. CAPITAL LEASES**

The Township has entered into capital lease agreements to finance the acquisition of ambulances and a fire truck. The following is a schedule of the future minimum lease payments under the capital leases and the present value of the net minimum lease payments at December 31, 2001:

<u>Year Ending December 31:</u>	<u>2000 Fire Truck Lease</u>	<u>2000 Ambulance Lease</u>	<u>1995 Ambulance Lease</u>
2002	\$55,745	\$28,832	\$9,989
2003	23,227	28,832	9,989
2004	<u>0</u>	<u>24,026</u>	<u>9,989</u>
Total Minimum Lease Payments	78,972	81,690	29,967
(Less Amounts Representing Interest)	<u>(4,041)</u>	<u>(6,197)</u>	<u>(4,118)</u>
Present Value of Future Minimum Lease Payments	<u>\$74,931</u>	<u>\$75,493</u>	<u>\$25,849</u>

**7. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

Effective July 1, 1991, all employees not otherwise covered by PERS had the option to choose Social Security or PERS. At December 31, 2001, the zoning inspector had elected Social Security. The Board's liability is 6.2% of wages paid.

**8. RISK MANAGEMENT**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

**MADISON TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Township also provides health insurance coverage to full-time employees through a private carrier.

**9. 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.

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

**JIM PETRO, AUDITOR OF STATE**

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

Madison Township  
Richland County  
843 Expressview Drive  
Mansfield, Ohio 44905

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Richland County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 31, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2001-40570-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 31, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2001-40570-002.

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

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 31, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

May 31, 2002

**MADISON TOWNSHIP  
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

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

**Noncompliance Citation**

<b>Finding Number</b>	<b>2001-40570-001</b>
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**Ohio Rev. Code Section 5705.41 (D)**, provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates: If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount is less than \$1,000, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

During the audit period, 37% of the expenditures tested were not certified by the Clerk prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance. The Township should certify the availability of funds for expenditures, and also implement the use of so called Then and Now Certificates and Blanket Certificates as a further means to certify funds pursuant to Ohio Rev. Code Section 5705.41.

**Reportable Condition**

<b>Finding Number</b>	<b>2001-40570-002</b>
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A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. A bank reconciliation means accounting for the differences between the balance on the bank statement(s) and the cash and investment balances according to the entity's records. From January 2000 through December 2001, the Township did not resolve various differences between the adjusted bank balance and the balance reflected within the Township's accounting records. The annual reports were filed with the Auditor of State with unresolved differences of \$1,204 as of December 31, 2001 and \$195.40 as of December 31, 2000.

**Reportable Condition  
(Continued)**

Without complete and accurate monthly bank reconciliations, the Township's internal control is weakened, which could hinder the detection of errors or irregularities by the Township's management in a timely manner. In addition, Township management is not provided with timely fiscal information that is vital to the continued operations and decision making process of the Township, which could negatively impact on the Township's ability to manage Township operations. The Township should perform and complete monthly bank reconciliations in a timely manner. Also, a copy of each monthly bank reconciliation and the listing of outstanding checks should be filed in the bank activity folder along with the bank statements and supporting documents for the applicable month. In addition, management should be provided with the necessary financial information to better monitor the operations of the Township.

**MADISON TOWNSHIP  
RICHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-40570-001	Finding for Recovery. The Clerk was overpaid \$252.05.	Yes	Finding No Longer Valid. The finding was repaid to the Township.
1999-40570-002	<b>Ohio Rev. Code Section 5705.41(D)</b> Expenditures were not certified prior to the commitment being made.	No	Not Corrected. See finding number 2001-40570-001.
1999-40570-003	<b>Ohio Rev. Code Section 5705.41(B)</b> Expenditures exceeded appropriations for various funds.	No	Partially Corrected. A management letter comment was issued for the current audit.
1999-40570-004	Various Ohio Admin. Code sections regarding chart of accounts and bank reconciliations.	No	Finding No Longer Valid. The applicable Ohio Administrative Code sections did not apply as of January 1, 2001.
1999-40570-005	Detailed revenues, balances, and budget to actual data were not being presented to the Board for their review.	Yes	Finding No Longer Valid. The Board receives and approves detailed financial reports at the Board meetings.
1999-40570-006	The Township's bank accounts were not reconciled to the book balances.	No	Not Corrected. See finding number 2001-40570-002.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**MADISON TOWNSHIP**

**RICHLAND COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 23, 2002**