

**MAD RIVER TOWNSHIP**

DAYTON REGION, CLARK COUNTY

**REGULAR AUDIT**

FOR THE YEARS ENDED DECEMBER 31, 2006 - 2005





# Mary Taylor, CPA

Auditor of State

Members of Council  
Mad River Township  
250 E. Main Street  
Enon, Ohio 45323

We have reviewed the *Report of Independent Auditors'* of Mad River Township, Clark County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2005 through December 31, 2006. 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 *Report of Independent Auditors'* 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 *Report of Independent Auditors'* 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

March 19, 2008

**This Page is Intentionally Left Blank.**

**MAD RIVER TOWNSHIP  
CLARK COUNTY**

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Auditors'	1 – 2
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2006	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2005	5
Notes to the Financial Statements	6 – 13
Independent Accountants' Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	15 – 16
Schedule of Findings	17 – 24
Schedule of Prior Audit Findings	25

**MANNING & ASSOCIATES CPAS, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

**REPORT OF INDEPENDENT AUDITORS'**

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, (the Township), as of and for the years ended December 31, 2006 and 2005. 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 audits provide 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, 2006 and 2005, 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, 2006 and 2005, or its changes in financial position for the years then ended.

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, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated August 31, 2007, 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 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

August 31, 2007

**This page intentionally left blank**



**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, 2006

	GOVERNMENTAL FUND TYPES					Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent Fund	
<b>Cash Receipts:</b>						
Taxes	\$ 105,074	\$ 702,874	\$	\$ 161,264	\$	\$ 969,212
Intergovernmental	195,829	241,153		28,513		465,495
Charges for Services		352,654				352,654
Special Assessments		12,020				12,020
Licenses, Permits, and Fees	32,654	32,303				64,957
Fines and Forfeitures	1,410					1,410
Earnings on Investments	60,967	6,941			294	68,202
Other	2,376	4,434		211,001		217,811
<b>Total Cash Receipts</b>	<u>398,310</u>	<u>1,352,379</u>	<u>0</u>	<u>400,778</u>	<u>294</u>	<u>2,151,761</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	184,060					184,060
Public Safety		831,584		31,821		863,405
Public Works	183,489	305,721				489,210
Health		59,698				59,698
Contract Services		76,167				76,167
Capital Outlay						0
Debt Service						0
Redemption of Principal			100,000			100,000
Interest and Fiscal Charges		5,142	3,003			8,145
<b>Total Cash Disbursements</b>	<u>367,549</u>	<u>1,278,312</u>	<u>103,003</u>	<u>31,821</u>	<u>0</u>	<u>1,780,685</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>30,761</u>	<u>74,067</u>	<u>(103,003)</u>	<u>368,957</u>	<u>294</u>	<u>371,076</u>
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In			103,003			103,003
Transfers-Out				(103,003)		(103,003)
Other Financing Sources	6,888					6,888
<b>Total Other Financing Receipts/(Disbursements):</b>	<u>6,888</u>	<u>0</u>	<u>103,003</u>	<u>(103,003)</u>	<u>0</u>	<u>6,888</u>
Excess of Cash Receipts and other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	37,649	74,067	0	265,954	294	377,964
<b>Fund Cash Balances, January 1, 2006</b>	<u>694,490</u>	<u>1,177,111</u>	<u>0</u>	<u>27,103</u>	<u>3,667</u>	<u>1,902,371</u>
<b>Fund Cash Balances, December 31, 2006</b>	<u>\$ 732,139</u>	<u>\$ 1,251,178</u>	<u>0</u>	<u>293,057</u>	<u>3,961</u>	<u>\$ 2,280,335</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, 2005

	GOVERNMENTAL FUND TYPES					Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent Fund	
<b>Cash Receipts:</b>						
Taxes	\$ 106,174	\$ 891,379	\$	\$ 173,716	\$	\$ 1,171,269
Intergovernmental	386,325	246,145		10,444		642,914
Charges for Services		390,291				390,291
Special Assessments		6,151				6,151
Licenses, Permits, and Fees	42,468	42,700				85,168
Fines and Forfeitures	1,885					1,885
Earnings on Investments	45,739	5,225			137	51,101
Other	8,697	69,162		234,328		312,187
<b>Total Cash Receipts</b>	<u>591,288</u>	<u>1,651,053</u>	<u>0</u>	<u>418,488</u>	<u>137</u>	<u>2,660,966</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	194,536					194,536
Public Safety		676,466		356,545		1,033,011
Public Works	154,928	258,759				413,687
Health		246,240				246,240
Contract Services		54,194				54,194
Capital Outlay	2,993	184,123				187,116
Debt Service						
Redemption of Principal			290,000			290,000
Interest and Fiscal Charges			19,745			19,745
<b>Total Cash Disbursements</b>	<u>352,457</u>	<u>1,419,782</u>	<u>309,745</u>	<u>356,545</u>	<u>0</u>	<u>2,438,529</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>238,831</u>	<u>231,271</u>	<u>(309,745)</u>	<u>61,943</u>	<u>137</u>	<u>222,437</u>
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In			309,745			309,745
Transfers-Out				(309,745)		(309,745)
Advances-In				35,196		35,196
Advances-Out	(35,196)					(35,196)
Other Financing Sources	1,689					1,689
<b>Total Other Financing Receipts/(Disbursements):</b>	<u>(33,507)</u>	<u>0</u>	<u>309,745</u>	<u>(274,549)</u>	<u>0</u>	<u>1,689</u>
Excess of Cash Receipts and other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	205,324	231,271	0	(212,606)	137	224,126
<b>Fund Cash Balances, January 1, 2005</b>	<u>489,166</u>	<u>945,840</u>	<u>0</u>	<u>239,709</u>	<u>3,530</u>	<u>1,678,245</u>
<b>Fund Cash Balances, December 31, 2005</b>	<u>\$ 694,490</u>	<u>\$ 1,177,111</u>	<u>0</u>	<u>27,103</u>	<u>3,667</u>	<u>\$ 1,902,371</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, 2006 AND 2005

---

**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:

**1. General Fund:**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. 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.

**MAD RIVER TOWNSHIP  
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

---

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

**D. Fund Accounting (continued)**

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

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

**3. 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.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). 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.

**Fire and EMS Building Fund** – This fund received money from Green Township and a one time note issue for the new Husted Fire and EMS building.

**5. 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 the cemetery based upon donor imposed restrictions.

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

**MAD RIVER TOWNSHIP  
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

---

**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 cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled, and re-appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio Law.

A summary of 2006 and 2005 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.

**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>2006</u>	<u>2005</u>
Demand deposits	\$1,206,172	\$ 865,050
Certificates of deposit	1,074,163	1,037,321
Total deposits	<u>\$2,280,335</u>	<u>\$1,902,371</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, 2006 AND 2005

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2006 was as follows:

<b>2006 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 275,365	\$ 405,198	\$ 129,833
Special Revenue	1,394,729	1,352,379	(42,350)
Debt Service	103,003	103,003	0
Capital Projects	193,629	400,778	207,149
Permanent	25	294	269
Total	<u>\$ 1,966,751</u>	<u>\$ 2,261,652</u>	<u>\$ 294,901</u>

<b>2006 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 956,800	\$ 367,549	\$ 589,251
Special Revenue	2,591,472	1,278,312	1,313,160
Debt Service	103,003	103,003	0
Capital Projects	181,500	134,824	46,676
Permanent	0	0	0
Total	<u>\$ 3,832,775</u>	<u>\$ 1,883,688</u>	<u>\$ 1,949,087</u>

Budgetary activity for the year ending December 31, 2005 was as follows:

<b>2005 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 269,857	\$ 592,977	\$ 323,120
Special Revenue	1,517,954	1,651,053	133,099
Debt Service	309,745	309,745	0
Capital Projects	193,629	418,488	224,859
Permanent	20	137	117
Total	<u>\$ 2,291,205</u>	<u>\$ 2,972,400</u>	<u>\$ 681,195</u>

<b>2005 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 706,496	\$ 352,457	\$ 354,039
Special Revenue	2,440,712	1,419,782	1,020,930
Debt Service	309,745	309,745	0
Capital Projects	433,338	666,290	(232,952)
Permanent	0	0	0
Total	<u>\$ 3,890,291</u>	<u>\$ 2,748,274</u>	<u>\$ 1,142,017</u>

**MAD RIVER TOWNSHIP  
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

---

**4. BUDGETARY, continued**

Contrary to Ohio law, budgetary expenditures exceeded appropriations in 2005 in the Fire & Building Capital Projects fund by \$232,952. Also, a negative balance was noted in the Fire and EMS Building Capital Projects fund in 2005, in the amount of \$(5,365).

Contrary to Ohio law, appropriations exceeded estimated resources in the General, Cemetery, Lighting Assessment, Fire District, Health, and Ambulance & EMS Funds in 2006 by \$7,457, \$1,626, \$2,463, \$85,890, \$170,000, and \$5,397, respectively.

**5. 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.

**6. DEBT**

Debt outstanding at December 31, 2006 was as follows:

	Principal	Interest Rate
Emergency Services Facility Note	\$200,000	2.68%
Total	\$200,000	

The Township took out a loan on August 30, 2004 in the principal amount of \$400,000 with an initial rate of 2.68%, which is variable, for the purpose of constructing a new fire and EMS facility.

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

		<b>Emergency Services Facility Notes</b>
<b>Year ending December 31:</b>		
2007		\$105,502
2008		102,787
Total		\$208,289

**MAD RIVER TOWNSHIP  
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

---

**7. RETIREMENT SYSTEM**

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

OPERS members contribute 9% and 8.5% of their gross salaries for 2006 and 2005, respectively. The Township contributes an amount equal to 13.7% and 13.55% of participants' gross salaries for 2006 and 2005, respectively. The Township has paid all contributions required through December 31, 2006.

**8. RISK MANAGEMENT**

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

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

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty Coverage** - For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

**Property Coverage** - Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.



**MAD RIVER TOWNSHIP  
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

---

**8. RISK MANAGEMENT (CONTINUED)**

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

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

**Financial Position** - OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained Earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained Earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$52,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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.

**9. 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 Hustead 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.

**MAD RIVER TOWNSHIP  
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

---

**10. FUND RECLASSIFICATIONS**

Beginning January 1, 2005, the Township reclassified its nonexpendable trusts funds. The nonexpendable Cemetery Fund was reclassified to a Permanent Fund to reflect the nature of the fund's activity. These reclassifications resulted in the following changes in fund cash balances at January 1, 2005:

	Permanent Fund		Non-Expendable Trust Fund
Balance, December 31, 2004	\$ 0	\$	3,350
Reclassification of Fund	3,530		(3,350)
Balance, January 1, 2005	\$ <u>3,530</u>	\$	<u>0</u>

**This page intentionally left blank**

**MANNING & ASSOCIATES CPAS, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT PERFORMED  
IN ACCORDANCE WITH *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 (the Township), as of and for the years ended December 31, 2006, and 2005, and have issued our report thereon dated August 31, 2007, 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 expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be a significant deficiencies in internal control over financial reporting: 2006-006 through 2006-013.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

### **Internal Control Over Financial Reporting, continued**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings number 2006-007 through 2006-013 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated August 31, 2007.

### **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 grants 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 instances of noncompliance that we must report under *Government Auditing Standard*, which are described in the accompanying schedule of findings as item 2006-001 through 2006-006 and 2006-009.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated August 31, 2007.

We intend this report solely for the information and use of the audit committee, management, and Board of Township Trustees. It is not intended for anyone other than these specified parties.

Manning & Associates CPAs, LLC  
Dayton, Ohio

August 31, 2007

**MAD RIVER TOWNSHIP  
CLARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**FINDING NUMBER 2006-001**

**Ohio Rev. Code Section 9.38** states that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the receipt. If the amount of the daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, if properly secured, but the deposit must be made no later than 3 business days after receiving it.

To reduce the risk of misappropriation of township assets and to comply with the abovementioned section of code, all cash collections should be deposited within the 24 hour requirement or a policy be adopted by the Board of Trustees that permits the officials to hold any money under the \$1,000 threshold for no more than 3 business days, if properly secured. Additionally, procedures should be implemented to provide that the Fiscal Officer deposit all receipts to the bank in a timely and complete manner.

During the audit period numerous cemetery receipts were not deposited or remitted to the Fiscal Officer even when they exceeded \$1,000.

Response: New cemetery sexton now in place, Trustees reviewing deposit policy for implementation.

**FINDING NUMBER 2006-002**

**Noncompliance**

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 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 (\$1,000 prior to April 7, 2003) 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 of expenditures by the Board of Trustees.

**MAD RIVER TOWNSHIP  
CLARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**FINDING NUMBER 2006-002 (continued)**

2. **Blanket certificate** – Fiscal officers may prepare “blanket” certificates not exceeding \$5,000 (an amount established by resolution or ordinance adopted by the legislative authority, effective September 26, 2003) against any specific line item account over a period not exceeding three months (three month limitation was eliminated effective September 26, 2003) 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 certificates may be outstanding at a particular time for any one line item appropriation.

The Township failed to properly certify the expenditures in 2006 for 9 of the 126 items tested and in 2005, 63 of the 158 item tested, including the exceptions noted.

Failure to properly certify the availability of funds can result in overspending available funds and negative cash fund balances. 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. We recommend that Township obtain approved purchase orders, 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: The Fiscal Officer will review proper PO compliance for the future.

**FINDING NUMBER 2006-003**

**Ohio Rev. Code Section 5705.36** allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below that current level of appropriation.

The following funds were determined to have estimated receipts significantly in excess of actual receipts:

<u>Fund Name</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
<b>2006</b>			
Police District	\$75,735	\$70,997	(\$4,738)
MVL Perm	\$70,000	\$61,941	(\$8,059)
Amb & EMS	\$422,076	\$224,913	(\$197,163)

**MAD RIVER TOWNSHIP  
CLARK COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**FINDING NUMBER 2006-003 (continued)**

<u>Fund Name</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
<b>2005</b>			
Road & Bridge	\$106,406	\$102,298	(\$4,108)
Lighting Assess	\$8,000	\$6,151	(\$1,849)
Police District	\$75,835	\$72,535	(\$3,300)
Health Fund	\$164,994	\$163,739	(\$1,255)
MVL Perm	\$70,000	\$66,716	(\$3,284)
Amb & EMS Fees	\$398,207	\$376,742	(\$21,465)

Failure to obtain the amended certificate of estimated resources did not provide the trustees with an accurate estimate of resources available for appropriations which could lead to negative fund balances. The Board should monitor receipts and amend estimated receipts when necessary to keep estimated receipts in line with actual receipts and make any corresponding amendments to its appropriations and disbursements.

Response: Fiscal Officer and Trustees will monitor budgetary compliance more closely in the future.

**FINDING NUMBER 2006-004**

**Ohio Rev. Code Section 5705.39** states that the total appropriation from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The following fund was determined to have appropriations significantly in excess of the available resources as certified by the County Budget Commission, which was the result of the Township not amending the certificate after a transfer was recorded:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Total Estimated Resources</u>	<u>Variance</u>
<b>2006</b>			
General Fund	\$956,800	\$949,343	(\$7,457)
Cemetery	\$118,300	\$116,674	(\$1,626)
Lighting Assess	\$25,200	\$22,737	(\$2,463)
Fire District	\$628,800	\$542,910	(\$85,890)
Health	\$170,000	\$0	(\$170,000)
Amb & EMS Fees	\$623,900	\$617,503	(\$5,397)

Failure to obtain an amended certificate of estimated resources did not provide authority for the Township to use these funds. Procedures should be implemented to routinely review budgetary activity and include required revisions to budgetary documents.

Response: Fiscal Officer and Trustees will monitor budgetary compliance more closely in the future.



**MAD RIVER TOWNSHIP  
CLARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**FINDING NUMBER 2006-005**

**Ohio Rev. Code Section 5705.41 (B)** states that the no subdivision or taxing unit is to expend money unless it has been appropriated. In 2005, the Fire & Building Equipment Capital Projects fund had expenditures exceeding appropriations in the amount of \$232,952.

Response: The Township will monitor budgetary compliance more closely.

**FINDING NUMBER 2006-006**

**Ohio Rev. Code, Section 5705.10**, states that money that is paid into a fund must be used only for the purposes for which such fund has been established. A negative fund balance indicates that money from one fund was used to cover the expenses of another fund. The Township had a negative fund balance in the Capital Projects Fire & EMS Building Fund during 2005 of \$(5,365). Failure to properly monitor fund balances and expenditures can result in the illegal expenditure of money. We recommend that the Township properly monitor expenditures and available fund balances to prevent negative fund balances.

Response: The Township will monitor fund balances more closely in the future and request advances or transfers as deemed necessary.

**FINDING NUMBER 2006-007**

**Investment Income**

Certain deficiencies were noted in recognizing investment revenue which leads to the financial statements earnings on investments line item as well as beginning and ending fund cash balances to be understated.

- 2005 General Fund investment income was understated by \$19,918; and special revenue funds were understated by \$4,084.

The understatement of interest was caused by certificate of deposit not recorded on the books and records and untimely posting of other interest.

In order for the Townships monthly and annual reports to reflect accurate receipts and fund cash balances, the interest earned on certificates of deposit should be posted to the cash journal throughout the year and revenues should be coded correctly so that they are properly reflected in the correct account.

The adjustments noted above are reflected in the accompanying financial statements.

The Township should initiate policies and procedures that will provide for the periodic recording of all interest earned on certificates of deposit as well as system integrity.

Response: The Fiscal Officer will make every effort to post transactions timely.

**MAD RIVER TOWNSHIP  
CLARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**FINDING NUMBER 2006-008**

The Fiscal Officer did not routinely retain adequate support documentation for township revenues such as check copies or remittance documentation which resulted in verification problems when trying to trace individual revenue postings to the original record of receipt.

The Fiscal Officer should retain copies of receipt support to substantiate amount, payer, and purpose for payment. Someone independent of the receipting process should periodically review this supporting information to determine proper and complete posting to the Township's ledgers.

Response: The information was misfiled due to previous audit, which resulted in a finding for recovery.

**FINDING NUMBER 2006-009**

**Failure to File Annual Reports**

**Ohio Rev. Code Section 117.38** requires each public office to file a financial report for each fiscal year with the Auditor of State within 60 days. It further requires that upon filing the Fiscal Officer shall publish notice in a newspaper of general circulation in the subdivision that the annual financial report has been completed and is available for inspection at the office of the Township.

The Township failed to file the annual report with the Auditor of State for 2006 which could lead to a penalty assessed by the Auditor of State. Also, there was no indication of a published notice that the annual reports were available for inspection in both 2005 and 2006.

The Township Trustees should develop procedures for monitoring compliance with the annual report filing and publication requirements.

Response: This was an oversight; the Fiscal Officer will complete the filings in the future on a timely basis.

**MAD RIVER TOWNSHIP  
CLARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**FINDING NUMBER 2006-010**

**Township Books and Records**

**Ohio Admin Code Section 117-2** provides that the Township Fiscal Officer shall keep the books of the Township; exhibit accurate statements of all monies received and expended, and maintain records of all property owned by the Township and income derived. In addition, Ohio Admin Code Section 117-2-02(A) states that all public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance relate legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the administrative code.

The Township did not maintain an accurate record of all monies received. Numerous adjustments were needed to reclass the receipts to proper accounts. The accounting records of the Township were incomplete and inaccurate, as late as July 2007. In addition budgetary information on the Township's computer records did not agree with the information filed with the County Auditor. Failure to record and report the budgetary data accurately presents an inaccurate comparison of the budgetary activity and can mislead those using the annual financial report.

The Fiscal Officer should reconcile the year end budgetary data with the approved amounts to ensure the budgetary activity is being reported accurately. These financial statements have been adjusted to reflect the approved and reported amounts.

Failure to provide accurate and complete financial information limits management's resources for decision making and can provide a false perception of the Township's financial position. Failure to accurately prepare and reconcile the accounting records reduces the accountability over Township funds, reduces the Trustees ability to monitor financial activity, increases the likelihood that monies will be misappropriated and not detected and increases likelihood that the Township's financial statements will be misstated.

Reconciliations are an effective tool to help management determine the completeness of recorded transactions, as well as, ensure that all recorded transactions have been deposited with the financial institution. The Township filed payroll taxes late, failure to timely and accurately remit payroll withholdings to the appropriate agencies can make the Township liable for penalties and interest.

Response: The Township had an acting (appointed) Fiscal Officer in place for the audit periods, a permanent Fiscal Officer is now in place and monitoring procedures have been established.

**MAD RIVER TOWNSHIP  
CLARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**FINDING NUMBER 2006-011**

**Monthly Bank Reconciliations**

Deficiencies were noted in the Township's completion of monthly bank-to-book reconciliations. Monthly bank-to-book reconciliations should be prepared, and all accounts belonging to the Township should be included on the monthly reconciliation. There was no indication that Trustees reviewed bank-to-book reconciliations and reconciliations were not performed in an efficient and timely manner.

Risks associated with these conditions include the possibility of loss of revenue; missing or duplicate posting of cash receipts and disbursements; and reconciliation errors that could go undetected. To strengthen internal accounting controls, reduce errors in recording transactions, and to provide management with reasonable assurance that cash reconciliation procedures are in place, the following control should be implemented:

- The monthly bank-to-book reconciliations should be reviewed by Trustees, along with a list of outstanding checks, and the reconciled bank balance should be compared to the cashbook balance to ensure the amounts correspond. The balance of the cashbook should be reviewed to ensure that all active and invested money under the control of the Trustees is included. Trustees should date and initial the monthly reconciliation as documentation of their review.

Response: Monitoring procedures have been established.

**FINDING NUMBER 2006-012**

**Developing and Implementing Effective Monitoring Control System**

The Township has not implemented an effective monitoring control system which would assist management in detecting material misstatements in financial or other information. The Township should develop and implement a monitoring control system to determine that material misstatements or misappropriation of assets do not occur.

Monitoring controls comprise regular management and supervisory activities established to oversee whether management's objectives are being achieved, covering operational, legal compliance, and financial control objectives. Effective monitoring controls should identify unexpected results or exceptions (including significant compliance exceptions), investigate underlying causes, and take corrective action.

Monitoring controls should assist management in detecting material misstatements in the financial or other information presented. Such controls may include, but are not limited to, the following reviews by the Trustees:

- Monthly review of budget and actual activity including required submission of budgetary reports;
- Monthly review of unusual or significant items on the bank-to-book reconciliation, such as long outstanding checks or deposits;
- Planning for adequate separation of duties or compensating controls.
- Ensuring the accounting records are properly designed

**MAD RIVER TOWNSHIP  
CLARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**FINDING NUMBER 2006-012, continued**

**Developing and Implementing Effective Monitoring Control System**

To assist in the management of financial resources, a governing body should periodically review and approve financial statements. In addition, to help assure accountability over recorded activity, and deposit and investment balances, the governing body should review and approve monthly bank-to-book reconciliations. The Township's Trustees did not receive all the financial reports and/or reconciliations during 2005 and 2006.

The failure of the Township's governing bodies to monitor the financial activity of the Township could result in financial objectives not being achieved; the violation of Ohio Rev. Code laws, Township Ordinances, grant requirements, or debt covenants; or errors and/or irregularities occurring and not being detected in a timely manner.

The Township should implement monitoring procedures that requires the monthly review of financial reports such as budget versus actual revenue and expenditure reports and fund balance reports, along with the monthly bank to book reconciliation. Evidence of the review and approval of financial reports should be evidenced by signatures or initials on the documents reviewed and/or mention in the minutes.

Response: The Township has implemented monitoring procedures.

**FINDING NUMBER 2006-013**

**Timely Posting of Revenues**

The Township Fiscal Officer did not post revenues in a timely manner. During the audit periods, numerous receipts were posted into their computer system several months after they received. This presented inaccurate information in monthly and on the annual financial statements and could lead to a chance of errors not being timely recognized. The timely posting of revenues is essential internal control for the annual financial reports to accurately and completely reflect the revenues of the Township.

As a result, inaccurate information was given to the Trustees for monthly review.

Response: The Fiscal Officer will make every effort to post transactions on a timely basis and monthly procedures will be implemented.

**MAD RIVER TOWNSHIP  
CLARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR END DECEMBER 31, 2006 AND 2005**

FINDING NUMBER	FINDING SUMMARY	FULLY CORRECTED?	NOT CORRECTED, PARTIALLY CORRECTED; SIGNIFICANTLY DIFFERENT CORRECTIVE ACTION TAKEN; OR FINDING NO LONGER VALID; <i>EXPLAIN:</i>
2004-001	Findings for Recovery - Repaid Under Audit	YES	Corrected
2004-002	Findings for Recovery - Agreement to Repay	YES	Corrected
2004-003	Ohio Rev. Code Section 9.38 Deposit of Public Money	NO	Not Corrected; Reissued 2006-001
2004-004	Ohio Rev. Code Section 5705.41(D)	NO	Not Corrected; Reissued 2006-002
2004-005	Ohio Rev. Code Section 5705.36 Amended Certificates	NO	Not Corrected; Reissued 2006-003
2004-006	Ohio Rev. Code Section 5705.39 Exceeded Appropriations	NO	Not Corrected; Reissued 2006-004
2004-007	Timely Posting of Revenues	NO	Not Corrected; Reissued 2006-005
2004-008	Investment Income	NO	Not Corrected; Reissued 2006-006
2004-009	Maintaining Adequate Support Documentation	NO	Not Corrected; Reissued 2006-007



**Mary Taylor, CPA**  
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  
APRIL 1, 2008**