



Mary Taylor, CPA  
Auditor of State



**MADISON TOWNSHIP  
CLARK COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis – For the Year Ended December 31, 2007 .....	3
Statement of Net Assets – Cash Basis December 31, 2007.....	9
Statement of Activities – Cash Basis For the Year Ended December 31, 2007 .....	10
Statement of Cash Basis Assets and Fund Balances - Governmental Funds - December 31, 2007.....	11
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds - For the Year Ended December 31, 2007 .....	12
Statement of Receipts, Disbursement and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2007 .....	13
Statement of Receipts, Disbursement and Changes in Fund Balance – Budget and Actual – Budget Basis – Gasoline Tax Fund For the Year Ended December 31, 2007 .....	14
Statement of Receipts, Disbursement and Changes in Fund Balance – Budget and Actual – Budget Basis – Fire District Fund For the Year Ended December 31, 2007 .....	15
Statement of Receipts, Disbursement and Changes in Fund Balance – Budget and Actual – Budget Basis – Special Levy EMT Fund For the Year Ended December 31, 2007 .....	16
Statement of Receipts, Disbursement and Changes in Fund Balance – Budget and Actual – Budget Basis – EMT Service Levy Fund For the Year Ended December 31, 2007 .....	17
Notes to the Financial Statements – For the Year Ended December 31, 2007 .....	19

**MADISON TOWNSHIP  
CLARK COUNTY**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Management's Discussion and Analysis – For the Year Ended December 31, 2006.....	31
Statement of Net Assets – Cash Basis December 31, 2006.....	37
Statement of Activities – Cash Basis For the Year Ended December 31, 2006.....	38
Statement of Cash Basis Assets and Fund Balances - Governmental Funds - December 31, 2006.....	39
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds - For the Year Ended December 31, 2006.....	40
Statement of Receipts, Disbursement and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund For the Year Ended December 31, 2006.....	41
Statement of Receipts, Disbursement and Changes in Fund Balance – Budget and Actual – Budget Basis – Gasoline Tax Fund For the Year Ended December 31, 2006.....	42
Statement of Receipts, Disbursement and Changes in Fund Balance – Budget and Actual – Budget Basis – Fire District Fund For the Year Ended December 31, 2006.....	43
Statement of Receipts, Disbursement and Changes in Fund Balance – Budget and Actual – Budget Basis – Special Levy EMT Fund For the Year Ended December 31, 2006.....	44
Statement of Receipts, Disbursement and Changes in Fund Balance – Budget and Actual – Budget Basis – EMT Service Levy Fund For the Year Ended December 31, 2006.....	45
Notes to the Financial Statements – For the Year Ended December 31, 2006.....	47
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	59
Schedule of Findings.....	61
Schedule of Prior Audit Findings.....	65



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Madison Township  
Clark County  
P. O. Box V  
228 West Columbus Road  
South Charleston, Ohio 45368

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Township, Clark County, (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Township, Clark County, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Fire District, Special Levy EMT, and EMT Service Levy Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

October 24, 2008

**MADISON TOWNSHIP  
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED**

This discussion and analysis of the Madison Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2007 are as follows:

- Net assets of governmental activities decreased \$4,391 or 2%.
- The Township's general receipts are primarily property taxes. These receipts represent \$216,477 or 46.51% of the total cash received for governmental activities during the year.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**MADISON TOWNSHIP  
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property tax.

In the statement of net assets and the statement of activities, the Township reports Governmental Activities:

**Governmental activities** - All of the Township's basic services are reported here. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

**Governmental Funds** - The Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Fire District Fund, Special Levy EMT Fund, and EMT Service Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.



**MADISON TOWNSHIP  
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a cash basis:

**(Table 1)  
Net Assets**

	<b>Governmental Activities</b>	
	<b>2007</b>	<b>2006</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$232,186	\$236,577
Total Assets	<u>232,186</u>	<u>236,577</u>
<b>Net Assets</b>		
<b>Restricted for:</b>		
Debt Service		2,345
Other Purposes	168,756	136,553
Unrestricted	63,430	97,679
Total Net Assets	<u>\$232,186</u>	<u>\$236,577</u>

As mentioned previously, net assets of governmental activities decreased \$4,391 or 2 percent during 2007.

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2006 for governmental activities.

**(Table 2)  
Changes in Net Assets**

	<b>Governmental Activities 2007</b>	<b>Governmental Activities 2006</b>
<b>Receipts:</b>		
<b>Program Receipts:</b>		
Charges for Services and Sales	\$64,950	\$32,315
Operating Grants and Contributions	145,378	118,291
Total Program Receipts	<u>210,328</u>	<u>150,606</u>
<b>General Receipts:</b>		
Property and Other Local Taxes	216,477	230,039
Grants and Entitlements Not Restricted to Specific Programs	17,226	16,081
Sale of Fixed Assets	11,000	25,509
Interest	7,026	8,901
Miscellaneous	3,410	5,520
Total General Receipts	<u>255,139</u>	<u>286,050</u>
Total Receipts	<u>465,467</u>	<u>436,656</u>

(Continued)

**MADISON TOWNSHIP  
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**(Table 2)  
Changes in Net Assets  
(Continued)**

	<b>Governmental Activities 2007</b>	<b>Governmental Activities 2006</b>
<b>Disbursements:</b>		
General Government	77,908	58,248
Public Safety	190,782	166,222
Public Works	104,122	122,855
Capital Outlay	40,289	110,036
Principal Retirement	49,606	48,456
Interest and Fiscal Charges	7,151	9,341
Total Disbursements	<u>469,858</u>	<u>515,158</u>
 Increase (Decrease) in Net Assets	 (4,391)	 (78,502)
 Net Assets, January 1,	 <u>236,577</u>	 <u>315,079</u>
Net Assets, December 31,	<u><u>\$232,186</u></u>	<u><u>\$236,577</u></u>

Program receipts represent only 45 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 55 percent of the Township's total receipts, and of this amount, 85 percent are local taxes. State and federal grants, entitlements, sale of fixed assets and interest make up the balance of the Township's general receipts (15 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Trustees and Fiscal Officer, as well as building and some road maintenance expenses.

Security of Persons & Property is Fire & EMS services, supplies and equipment. Public Works is mainly the services, supplies and materials needed to operate the Township.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursement for governmental activities is Public Safety which accounts for \$190,782 and 41 percent of all governmental disbursements. Another significant cost is Public Works, which accounts for \$104,122 and 22 percent of all governmental disbursements. General government also represents a significant cost, about 17 percent. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**MADISON TOWNSHIP  
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**(Table 3)  
Governmental Activities**

	<b>Total Cost of Services 2007</b>	<b>Net Cost of Services 2007</b>	<b>Total Cost of Services 2006</b>	<b>Net Cost of Services 2006</b>
General Government	\$77,908	(\$75,804)	\$58,248	(\$56,488)
Public Safety	190,782	(94,390)	166,222	(117,111)
Public Works	104,122	2,710	122,855	(23,120)
Other		5,000		
Capital Outlay	40,289	(40,289)	110,036	(110,036)
Principal Retirement	49,606	(49,606)	48,456	(48,456)
Interest & Fiscal Charges	7,151	(7,151)	9,341	(9,341)
<b>Total Expenses</b>	<b>\$469,858</b>	<b>(\$259,530)</b>	<b>\$515,158</b>	<b>(\$364,552)</b>

The dependence upon property tax grants and entitlements not restricted to specific program receipts is apparent as over 55 percent of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$466,267 and disbursements of \$470,658.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

Final budgeted receipts remained consistent with original budgeted receipts. The Township received significantly more revenue than budgeted.

The General Fund's final disbursements were budgeted at \$136,218 while actual disbursements were \$86,634.

**Capital Assets and Debt Administration**

**Capital Assets**

The Township does not currently keep track of its capital assets and infrastructure, other than an annual inventory valuation of assets.

**Debt**

At December 31, 2007, the Township's outstanding debt included \$57,000 in general obligation bonds issued for a new fire truck, and \$51,602 in capital leases to improve facilities.

**Current Issues**

The challenge for all Governments including Township's is to provide quality services to the public while staying within the imposed restrictions imposed by limited, and in some cases, shrinking funding. We rely heavily on local taxes and have very little industry to support the tax base. The Township is taking measures to reduce spending.

**MADISON TOWNSHIP  
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Teri Molden, Fiscal Officer, Madison Township, P.O. Box V, South Charleston, Ohio 45368.

**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2007**

	<u><b>Governmental Activities</b></u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$232,186
Total Assets	<u>232,186</u>
<b>Net Assets</b>	
<b>Restricted for:</b>	
Other Purposes	168,756
Unrestricted	63,430
Total Net Assets	<u>\$232,186</u>

*See accompanying notes to the basic financial statements.*

**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Total
<b>Governmental Activities</b>				
General Government	\$77,908		\$2,104	(\$75,804)
Public Safety	190,782	\$64,950	31,442	(94,390)
Public Works	104,122		106,832	2,710
Other			5,000	5,000
Capital Outlay	40,289			(40,289)
<b>Debt Service:</b>				
Principal Retirement	49,606			(49,606)
Interest and Fiscal Charges	7,151			(7,151)
<b>Total Governmental Activities</b>	<b>\$469,858</b>	<b>\$64,950</b>	<b>\$145,378</b>	<b>(259,530)</b>
		<b>General Receipts</b>		
		<b>Property Taxes Levied for:</b>		
		General Purposes		216,477
		Grants and Entitlements not Restricted to Specific Programs		17,226
		Sale of Capital Assets		11,000
		Interest		7,026
		Miscellaneous		3,410
		<b>Total General Receipts</b>		<b>255,139</b>
		Change in Net Assets		(4,391)
		Net Assets Beginning of Year		236,577
		Net Assets End of Year		<b>\$232,186</b>

See accompanying notes to the basic financial statements.

**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>Special Levy EMT</u>	<u>EMT Service Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$63,430	\$36,378	\$10,986	\$79,010	\$21,434	\$20,948	\$232,186
Total Assets	<u>63,430</u>	<u>36,378</u>	<u>10,986</u>	<u>79,010</u>	<u>21,434</u>	<u>20,948</u>	<u>232,186</u>
<b>Fund Balances</b>							
<b>Unreserved:</b>							
<b>Undesignated (Deficit), Reported in:</b>							
General Fund	63,430						63,430
Special Revenue Funds		36,378	10,986	79,010	21,434	20,948	168,756
Total Fund Balances	<u>\$63,430</u>	<u>\$36,378</u>	<u>\$10,986</u>	<u>\$79,010</u>	<u>\$21,434</u>	<u>\$20,948</u>	<u>\$232,186</u>

See accompanying notes to the basic financial statements.

**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>General</b>	<b>Gasoline Tax</b>	<b>Fire District</b>	<b>Special Levy EMT</b>	<b>EMT Service Levy</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Receipts</b>							
Property and Other Local Taxes	\$16,486		\$35,096	\$31,164	\$88,605	\$45,126	\$216,477
Charges for Services				64,950			64,950
Intergovernmental	17,610	\$93,639	15,609	14,181	8,070	13,495	162,604
Interest	6,826	185				15	7,026
Other	463		2,893			54	3,410
<b>Total Receipts</b>	<b>41,385</b>	<b>93,824</b>	<b>53,598</b>	<b>110,295</b>	<b>96,675</b>	<b>58,690</b>	<b>454,467</b>
<b>Disbursements</b>							
<b>Current:</b>							
General Government	77,908						77,908
Public Safety			53,342	42,538	94,902		190,782
Public Works	3,371	80,740				20,011	104,122
Capital Outlay			8,045	32,244			40,289
<b>Debt Service:</b>							
Principal Retirement	4,453		4,453	21,700		19,000	49,606
Interest and Fiscal Charges	902		902	1,623		3,724	7,151
<b>Total Disbursements</b>	<b>86,634</b>	<b>80,740</b>	<b>66,742</b>	<b>98,105</b>	<b>94,902</b>	<b>42,735</b>	<b>469,858</b>
Excess of Receipts Over (Under) Disbursements	(45,249)	13,084	(13,144)	12,190	1,773	15,955	(15,391)
<b>Other Financing Sources (Uses)</b>							
Sale of Capital Assets	11,000						11,000
Advances In	400					400	800
Advances Out	(400)					(400)	(800)
<b>Total Other Financing Sources (Uses)</b>	<b>11,000</b>						<b>11,000</b>
Net Change in Fund Balances	(34,249)	13,084	(13,144)	12,190	1,773	15,955	(4,391)
Fund Balances Beginning of Year	97,679	23,294	24,130	66,820	19,661	4,993	236,577
Fund Balances End of Year	<b>\$63,430</b>	<b>\$36,378</b>	<b>\$10,986</b>	<b>\$79,010</b>	<b>\$21,434</b>	<b>\$20,948</b>	<b>\$232,186</b>

See accompanying notes to the basic financial statements.



**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$14,656	\$15,497	\$16,486	\$989
Intergovernmental	16,832	19,538	17,610	(1,928)
Interest	6,000	6,000	6,826	826
Other	8,755	5,209	463	(4,746)
Total receipts	<u>46,243</u>	<u>46,244</u>	<u>41,385</u>	<u>(4,859)</u>
<b>Disbursements</b>				
<b>Current:</b>				
General Government	94,581	98,803	77,908	20,895
Public Works	14,000	14,000	3,371	10,629
Capital Outlay	22,000	18,060		18,060
<b>Debt Service:</b>				
Principal Retirement	4,453	4,453	4,453	
Interest and Fiscal Charges	902	902	902	
Total Disbursements	<u>135,936</u>	<u>136,218</u>	<u>86,634</u>	<u>49,584</u>
Excess of Receipts Over (Under) Disbursements	<u>(89,693)</u>	<u>(89,974)</u>	<u>(45,249)</u>	<u>44,725</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	11,000	11,000	11,000	
Advances In			400	400
Advances Out			(400)	(400)
Total Other Financing Sources (Uses)	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	
Net Change in Fund Balance	(78,693)	(78,974)	(34,249)	44,725
Fund Balance Beginning of Year	<u>97,679</u>	<u>97,679</u>	<u>97,679</u>	
Fund Balance End of Year	<u>\$18,986</u>	<u>\$18,705</u>	<u>\$63,430</u>	<u>\$44,725</u>

*See accompanying notes to the basic financial statements.*

**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GASOLINE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u></u>
<b>Receipts</b>				
Intergovernmental	\$61,800	\$61,750	\$93,639	\$31,889
Interest		50	185	135
Total receipts	<u>61,800</u>	<u>61,800</u>	<u>93,824</u>	<u>32,024</u>
<b>Disbursements</b>				
<b>Current:</b>				
Public Works	63,152	86,202	80,740	5,462
Capital Outlay	5,000			
Total Disbursements	<u>68,152</u>	<u>86,202</u>	<u>80,740</u>	<u>5,462</u>
Excess of Receipts Over (Under) Disbursements	<u>(6,352)</u>	<u>(24,402)</u>	<u>13,084</u>	<u>37,486</u>
Net Change in Fund Balance	(6,352)	(24,402)	13,084	37,486
Fund Balance Beginning of Year	<u>23,294</u>	<u>23,294</u>	<u>23,294</u>	
Fund Balance End of Year	<u><u>\$16,942</u></u>	<u><u>(\$1,108)</u></u>	<u><u>\$36,378</u></u>	<u><u>\$37,486</u></u>

*See accompanying notes to the basic financial statements.*

**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
FIRE DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$59,044	\$64,212	\$35,096	(\$29,116)
Intergovernmental		4,000	15,609	11,609
Other	18,468	14,703	2,893	(11,810)
Total receipts	<u>77,512</u>	<u>82,915</u>	<u>53,598</u>	<u>(29,317)</u>
<b>Disbursements</b>				
Current:				
Public Safety	70,524	56,294	53,342	2,952
Capital Outlay	25,355	13,480	8,045	5,435
Debt Service:				
Principal Retirement		4,453	4,453	
Interest and Fiscal Charges		902	902	
Total Disbursements	<u>95,879</u>	<u>75,129</u>	<u>66,742</u>	<u>8,387</u>
Excess of Receipts Over (Under) Disbursements	<u>(18,367)</u>	<u>7,786</u>	<u>(13,144)</u>	<u>(20,930)</u>
Net Change in Fund Balance	(18,367)	7,786	(13,144)	(20,930)
Fund Balance Beginning of Year	<u>24,130</u>	<u>24,130</u>	<u>24,130</u>	
Fund Balance End of Year	<u>\$5,763</u>	<u>\$31,916</u>	<u>\$10,986</u>	<u>(\$20,930)</u>

*See accompanying notes to the basic financial statements.*

**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
SPECIAL LEVY EMT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Receipts</b>				
Property and Other Local Taxes	\$33,195	\$36,236	\$31,164	(\$5,072)
Charges for Services	20,600	35,000	64,950	29,950
Intergovernmental		3,000	14,181	11,181
Other	20,124	2,864		(2,864)
Total receipts	<u>73,919</u>	<u>77,100</u>	<u>110,295</u>	<u>33,195</u>
<b>Disbursements</b>				
Current:				
Public Safety	69,077	56,385	42,538	13,847
Capital Outlay	40,000	32,767	32,244	523
Debt Service:				
Principal Retirement	21,810	21,809	21,700	109
Interest and Fiscal Charges	1,622	1,623	1,623	
Total Disbursements	<u>132,509</u>	<u>112,584</u>	<u>98,105</u>	<u>14,479</u>
Excess of Receipts Over (Under) Disbursements	<u>(58,590)</u>	<u>(35,484)</u>	<u>12,190</u>	<u>47,674</u>
Net Change in Fund Balance	(58,590)	(35,484)	12,190	47,674
Fund Balance Beginning of Year	<u>66,820</u>	<u>66,820</u>	<u>66,820</u>	
Fund Balance End of Year	<u><u>\$8,230</u></u>	<u><u>\$31,336</u></u>	<u><u>\$79,010</u></u>	<u><u>\$47,674</u></u>

*See accompanying notes to the basic financial statements.*

**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
EMT SERVICE LEVY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional) Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$97,680	\$103,262	\$88,605	(\$14,657)
Intergovernmental		358	8,070	7,712
Total receipts	<u>97,680</u>	<u>103,620</u>	<u>96,675</u>	<u>(6,945)</u>
<b>Disbursements</b>				
Current:				
Public Safety	<u>106,422</u>	<u>106,422</u>	<u>94,902</u>	<u>11,520</u>
Total Disbursements	<u>106,422</u>	<u>106,422</u>	<u>94,902</u>	<u>11,520</u>
Excess of Receipts Over (Under) Disbursements	<u>(8,742)</u>	<u>(2,802)</u>	<u>1,773</u>	<u>4,575</u>
Net Change in Fund Balance	(8,742)	(2,802)	1,773	4,575
Fund Balance Beginning of Year	<u>19,661</u>	<u>19,661</u>	<u>19,661</u>	
Fund Balance End of Year	<u><u>\$10,919</u></u>	<u><u>\$16,859</u></u>	<u><u>\$21,434</u></u>	<u><u>\$4,575</u></u>

*See accompanying notes to the basic financial statements.*

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**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**1. REPORTING ENTITY**

The Madison Township, Clark County, Ohio (the Township) is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services and maintenance of Township roads and bridges. The Township has a volunteer fire and EMS department as well as a part-time paid EMS department. Police protection is provided by the Village of South Charleston and the Clark County Sheriff's Department.

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

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

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

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**2. Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township have one category, governmental.

**1. Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's has five major funds. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The other major funds are as follows:

**Gasoline Tax** – Receives state gasoline tax revenue for constructing, maintaining, and repairing Township roads and bridges.

**Fire District** – Receives property tax revenue for fire protection services.

**Special Levy EMT** – Receives property tax revenue and monies from billings for services for the operation of EMS services.



**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

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

**EMT Service Levy** – Receives property tax revenue for services for the operation of EMS services.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All the Township's funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

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

**E. Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$6,826 which includes \$2,288 assigned from other Township funds.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

**G. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**I. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

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

**L. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Township has net assets restricted for other purposes. Of Township's \$168,756 in restricted net assets \$0 was restricted by enabling legislation.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods.

**3. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund, Gasoline Tax Fund, Fire District, Special Levy EMT, and EMT Service Levy Funds prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The Township had no outstanding year end encumbrances.

**4. DEPOSITS AND INVESTMENTS**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Township had no un-deposited cash on hand.

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$187,263 of the Township's bank balance of \$287,263 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**5. PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2007 for real and public utility property taxes represents collection of 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2006 are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible property tax receipts are levied after October 1, 2006, on the true value as of December 31, 2006. Collections are made in 2007. Tangible personal assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2007, was \$6.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$18,798,330
Public Utility Property	1,761,120
Tangible Personal Property	1,568,500
Total Assessed Values	<u>\$22,127,950</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**6. RISK MANAGEMENT**

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 townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTARMA is as follows:

Legal Liability	\$2,000,000	Per Occurrence
Automobile Liability	2,000,000	Each Accident
Wrongful Acts	2,000,000	Per Occurrence
Property	1,372,595	Total Coverage
Machinery	\$380,991	Limit

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**7. DEFINED BENEFIT PENSION PLAN**

**A. Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Township contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$15,760, \$14,701, and \$4,747 respectively; 100% percent has been contributed for 2007, 2006, and 2005. Contributions to member directed plan for 2007 were \$575 by the Township and \$395 made by the plan members.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**8. POST-EMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5 percent from January 1 through June 30 and 6 percent from July 1 through December 31 of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .5 to 5 percent annually for the next eight years and 4 percent in subsequent years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual Township contributions for 2007 which were used to fund post-employment benefits were \$6,258. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**9. DEBT**

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

	<u>Interest Rate</u>	<u>Balance 12/31/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2007</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>						
Fire Truck Acquisition Bonds 2003 Series	4.90%	\$ 76,000		\$19,000	\$ 57,000	\$19,000
Security National Bank Loan 2004 Squad Purchase	4.15%	17,356		17,356		
Key Bank Master Lease 2005 Building Renovations	4.57%	64,961		13,359	51,602	13,952
Total		<u>\$158,317</u>	<u>\$0</u>	<u>\$49,715</u>	<u>\$108,602</u>	<u>\$32,952</u>

Security National Bank posted an adjustment reduction for \$109 to the debt in 2007, which is included in the table above as part of the \$17,356 reduction.

The Township issued Fire Truck Acquisition Bonds on October 27, 2003 in the amount of \$135,000, at an interest rate of 4.9%, for a term of seven years to purchase a new fire truck. Principal and interest payments are due annually to Security National Bank and Trust Company, Springfield, Ohio.

The Township secured a loan on December 27, 2004 in the amount of \$50,000, at an interest rate of 4.15%, for a term of three years to purchase a new EMS Squad. Principal and interest payments were due annually to Security National Bank and Trust Company, Springfield, Ohio. The Township paid off this loan in full during 2007.

The Township entered into a Master Lease Agreement on January 10, 2005 in the amount of \$90,000, at an interest rate of 4.57%, for a term of seven years to renovate the township administrative building. Principal and interest payments are due semi-annually to Key Government Finance, Inc. Englewood, Colorado.

All debt is supported by the full faith and credit of the Township and is payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Township's future annual debt service requirements:

<u>Year</u>	<u>Fire Truck Acquisition Bonds</u>			<u>Key Bank Master Lease</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$19,000	\$2,793	\$21,793	\$13,952	\$2,114	\$16,066
2009	19,000	1,862	20,862	14,571	1,495	16,066
2010	19,000	931	19,931	15,218	848	16,066
2011				7,861	172	8,033
Totals	<u>\$57,000</u>	<u>\$5,586</u>	<u>\$62,586</u>	<u>\$51,602</u>	<u>\$4,629</u>	<u>\$56,231</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$2,214,833 and an unvoted debt margin of \$1,108,435.



**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**10. COMPLIANCE**

The Township did not properly certify all expenditures in accordance with Ohio Rev. Code 5705.41(D).

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**MADISON TOWNSHIP  
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED**

This discussion and analysis of the Madison Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2006 are as follows:

- Net assets of governmental activities decreased \$78,502 or 25%, a significant change from the prior year. The change was primarily due to building a township garage and purchase of equipment for Fire & EMS.
- The Township's general receipts are primarily property taxes. These receipts represent \$230,039 or 52.7% of the total cash received for governmental activities during the year.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**MADISON TOWNSHIP  
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances activities and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non financial factors as well, such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township reports Governmental Activities:

**Governmental Activities** - All of the Township's basic services are reported here. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

**Governmental Funds** - The Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Fire District Fund, Special Levy EMT Fund, and EMT Service Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**MADISON TOWNSHIP  
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a modified cash basis:

**(Table 1)  
Net Assets**

	<b>Governmental Activities</b>	
	<b>2006</b>	<b>2005</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$236,577	\$315,079
Total Assets	<u>236,577</u>	<u>315,079</u>
<b>Net Assets</b>		
<b>Restricted for:</b>		
Debt Service	2,345	26,000
Other Purposes	136,553	128,798
Unrestricted	<u>97,679</u>	<u>160,281</u>
Total Net Assets	<u>\$236,577</u>	<u>\$315,079</u>

As mentioned previously, net assets of governmental activities decreased \$78,502 or 25% during 2006. The primary reasons contributing to the decrease was building a township garage and purchase of equipment for Fire & EMS.

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities.

**(Table 2)  
Changes in Net Assets**

	<b>Governmental Activities 2006</b>	<b>Governmental Activities 2005</b>
<b>Receipts:</b>		
<b>Program Receipts:</b>		
Charges for Services and Sales	\$ 32,315	\$ 25,571
Operating Grants and Contributions	118,291	96,550
Total Program Receipts	<u>150,606</u>	<u>122,121</u>
<b>General Receipts:</b>		
Property and Other Local Taxes	230,039	149,469
Grants and Entitlements Not Restricted to Specific Programs	16,081	33,375
Other Debt Proceeds		40,023
Sale of Fixed Assets	25,509	14,100
Interest	8,901	5,946
Miscellaneous	<u>5,520</u>	<u>9,324</u>
Total General Receipts	<u>286,050</u>	<u>252,237</u>
Total Receipts	<u>436,656</u>	<u>374,358</u>

(Continued)

**MADISON TOWNSHIP  
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**(Table 2)  
Changes in Net Assets  
(Continued)**

	<b>Governmental Activities 2006</b>	<b>Governmental Activities 2005</b>
<b>Disbursements:</b>		
General Government	58,248	36,724
Public Safety	166,222	75,076
Public Works	122,855	96,562
Public Health Services		18,663
Human Services		2,980
Capital Outlay	110,036	6,051
Principal Retirement	48,456	48,227
Interest and Fiscal Charges	9,341	11,313
Total Disbursements	515,158	295,596
Increase (Decrease) in Net Assets	(78,502)	78,762
Net Assets, January 1	315,079	236,317
Net Assets, December 31	\$236,577	\$315,079

Program receipts represents only 34 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 66 percent of the Township's total receipts, and of this amount, 80 percent are local taxes. State and federal grants and entitlements, interest and sale of fixed assets and miscellaneous revenues make up the balance of the Township's general receipts (20 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of most of Trustees and Fiscal Officer, as well as some of the road maintenance expenses.

Security of Persons & Property is Fire & EMS services, supplies and equipment. Public Works is mainly the services, supplies and materials needed to operate the Township. Public Safety is services for fire protection and Health is mainly the County Health Department.

**Governmental Activities**

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Public Safety, which accounts for \$166,222 and 32 percent of all governmental disbursements. Public Works and General government also represent a significant cost, about 24 and 11 percent, respectively. In 2006 there were two capital projects, the township garage and the Fire & EMS repeater; capital outlay was \$110,036 and 21 percent of all government distributions. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**MADISON TOWNSHIP  
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**(Table 3)  
Governmental Activities**

	<b>Total Cost of Services 2006</b>	<b>Net Cost of Services 2006</b>	<b>Total Cost of Services 2005</b>	<b>Net Cost of Services 2005</b>
General Government	\$ 58,248	(\$ 56,488)	\$ 36,724	(\$36,724)
Public Safety	166,222	(117,111)	75,076	(49,505)
Public Works	122,855	(23,120)	96,562	(12)
Human Services			2,980	(2,980)
Health			18,663	(18,663)
Capital Outlay	110,036	(110,036)	6,051	(6,051)
Principal Retirement	48,456	(48,456)	48,227	(48,227)
Interest and Fiscal				
Charges	9,341	(9,341)	11,313	(11,313)
Total Expenses	<u>\$515,158</u>	<u>(\$364,552)</u>	<u>\$295,596</u>	<u>(173,475)</u>

The dependence upon property and other local taxes is apparent as over 70 percent of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$468,212 and disbursements of \$546,714. The greatest change within governmental funds occurred within the General Fund. In 2006 there were two capital projects, the township garage and the Fire & EMS repeater.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

The General Fund's final disbursements were budgeted at \$189,102 while actual disbursements were \$133,082. The General Fund received less than expected and expended less than appropriated; the fund balance decreased \$62,602 from the prior year. This was due to capital expenditures and moving salary and benefit costs from Gas Tax Fund to General Fund.

**Capital Assets and Debt Administration**

**Capital Assets**

The Township does not currently keep track of its capital assets and infrastructure, other than an annual inventory valuation of assets.

**Debt**

At December 31, 2006, the Township's outstanding debt included \$76,000 in general obligation bonds issued for a new fire truck and \$82,317 in capital leases and loans for facility improvements and equipment.

**MADISON TOWNSHIP  
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**Current Issues**

The challenge for all Governments including Township's is to provide quality services to the public while staying within the imposed restrictions imposed by limited, and in some cases, shrinking funding. We rely heavily on local taxes and have very little industry to support the tax base. The Township is taking measures to reduce spending to offset decreasing revenue in comparison to increasing expenses.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Teri Molden, Fiscal Officer, Madison Township, P.O. Box V, South Charleston, Ohio 45368.



MADISON TOWNSHIP  
CLARK COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER, 31, 2006

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$236,577
Total Assets	<u>236,577</u>
<b>Net Assets</b>	
<b>Restricted for:</b>	
Debt Service	2,345
Other Purposes	136,553
Unrestricted	<u>97,679</u>
Total Net Assets	<u>\$236,577</u>

*See accompanying notes to the basic financial statements.*

**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Total	
<b>Governmental Activities</b>				
General Government	\$58,248		\$1,760	(\$56,488)
Public Safety	166,222	32,315	16,796	(117,111)
Public Works	122,855		99,735	(23,120)
Capital Outlay	110,036			(110,036)
<b>Debt Service:</b>				
Principal Retirement	48,456			(48,456)
Interest and Fiscal Charges	9,341			(9,341)
<b>Total Governmental Activities</b>	<b>\$515,158</b>	<b>\$32,315</b>	<b>\$118,291</b>	<b>(364,552)</b>
		<b>General Receipts</b>		
		<b>Property Taxes Levied for:</b>		
		General Purposes	230,039	
		Grants and Entitlements not Restricted to Specific Programs	16,081	
		Sale of Capital Assets	25,509	
		Interest	8,901	
		Miscellaneous	5,520	
		<b>Total General Receipts</b>	<b>286,050</b>	
		Change in Net Assets		(78,502)
		Net Assets Beginning of Year		315,079
		Net Assets End of Year		<b>\$236,577</b>

*See accompanying notes to the basic financial statements.*

**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>Special Levy EMT</u>	<u>EMT Service Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$97,679	\$23,294	\$24,130	\$66,820	\$19,661	\$4,993	\$236,577
Total Assets	<u>97,679</u>	<u>23,294</u>	<u>24,130</u>	<u>66,820</u>	<u>19,661</u>	<u>4,993</u>	<u>236,577</u>
<b>Fund Balances</b>							
<b>Unreserved:</b>							
<b>Undesignated (Deficit), Reported in:</b>							
General Fund	97,679						97,679
Special Revenue Funds		23,294	24,130	66,820	19,661	2,648	136,553
Debt Service Fund						2,345	2,345
Total Fund Balances	<u>\$97,679</u>	<u>\$23,294</u>	<u>\$24,130</u>	<u>\$66,820</u>	<u>\$19,661</u>	<u>\$4,993</u>	<u>\$236,577</u>

See accompanying notes to the basic financial statements.

**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>Special Levy EMT</u>	<u>EMT Service Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>							
Property and Other Local Taxes	\$15,153		\$61,868	\$36,376	\$93,917	\$22,725	\$230,039
Charges for Services				32,315			32,315
Intergovernmental	18,656	\$84,260	6,577	2,353	7,866	14,660	134,372
Interest	8,897	3				1	8,901
Other	2,265		3,255				5,520
<b>Total Receipts</b>	<u>44,971</u>	<u>84,263</u>	<u>71,700</u>	<u>71,044</u>	<u>101,783</u>	<u>37,386</u>	<u>411,147</u>
<b>Disbursements</b>							
<b>Current:</b>							
General Government	58,248						58,248
Public Safety			42,828	41,272	82,122		166,222
Public Works	9,356	68,717				44,782	122,855
Capital Outlay	60,123	28,085	7,358	12,469		2,001	110,036
<b>Debt Service:</b>							
Principal Retirement	4,264		4,264	20,929		18,999	48,456
Interest and Fiscal Charges	1,091		1,092	2,503		4,655	9,341
<b>Total Disbursements</b>	<u>133,082</u>	<u>96,802</u>	<u>55,542</u>	<u>77,173</u>	<u>82,122</u>	<u>70,437</u>	<u>515,158</u>
Excess of Receipts Over (Under) Disbursements	<u>(88,111)</u>	<u>(12,539)</u>	<u>16,158</u>	<u>(6,129)</u>	<u>19,661</u>	<u>(33,051)</u>	<u>(104,011)</u>
<b>Other Financing Sources (Uses)</b>							
Sale of Capital Assets	25,509						25,509
Advances In	15,778				15,778		31,556
Advances Out	(15,778)				(15,778)		(31,556)
<b>Total Other Financing Sources (Uses)</b>	<u>25,509</u>						<u>25,509</u>
Net Change in Fund Balances	(62,602)	(12,539)	16,158	(6,129)	19,661	(33,051)	(78,502)
Fund Balances Beginning of Year	<u>160,281</u>	<u>35,833</u>	<u>7,972</u>	<u>72,949</u>		<u>38,044</u>	<u>315,079</u>
Fund Balances End of Year	<u>\$97,679</u>	<u>\$23,294</u>	<u>\$24,130</u>	<u>\$66,820</u>	<u>\$19,661</u>	<u>\$4,993</u>	<u>\$236,577</u>

See accompanying notes to the basic financial statements.

**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$16,308	\$16,308	\$15,153	(\$1,155)
Intergovernmental	14,830	15,737	18,656	2,919
Interest		8,897	8,897	
Other	19,180	19,180	2,265	(16,915)
Total receipts	<u>50,318</u>	<u>60,122</u>	<u>44,971</u>	<u>(15,151)</u>
<b>Disbursements</b>				
<b>Current:</b>				
General Government	59,352	72,375	58,248	14,127
Public Works	1,500	14,500	9,356	5,144
Capital Outlay	127,000	96,871	60,123	36,748
<b>Debt Service:</b>				
Principal Retirement		4,264	4,264	
Interest and Fiscal Charges		1,092	1,091	1
Total Disbursements	<u>187,852</u>	<u>189,102</u>	<u>133,082</u>	<u>56,020</u>
Excess of Receipts Over (Under) Disbursements	<u>(137,534)</u>	<u>(128,980)</u>	<u>(88,111)</u>	<u>40,869</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets		25,509	25,509	
Advances In			15,778	15,778
Advances Out			(15,778)	(15,778)
Total Other Financing Sources (Uses)		<u>25,509</u>	<u>25,509</u>	
Net Change in Fund Balance	(137,534)	(103,471)	(62,602)	40,869
Fund Balance Beginning of Year	<u>160,281</u>	<u>160,281</u>	<u>160,281</u>	
Fund Balance End of Year	<u>\$22,747</u>	<u>\$56,810</u>	<u>\$97,679</u>	<u>\$40,869</u>

*See accompanying notes to the basic financial statements.*

**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GASOLINE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$60,000	\$84,000	\$84,260	\$260
Interest			3	3
Total receipts	<u>60,000</u>	<u>84,000</u>	<u>84,263</u>	<u>263</u>
<b>Disbursements</b>				
<b>Current:</b>				
Public Works	72,801	68,792	68,717	75
Capital Outlay		28,085	28,085	
Total Disbursements	<u>72,801</u>	<u>96,877</u>	<u>96,802</u>	<u>75</u>
Excess of Receipts Over (Under) Disbursements	<u>(12,801)</u>	<u>(12,877)</u>	<u>(12,539)</u>	<u>338</u>
Net Change in Fund Balance	(12,801)	(12,877)	(12,539)	338
Fund Balance Beginning of Year	<u>35,833</u>	<u>35,833</u>	<u>35,833</u>	
Fund Balance End of Year	<u>\$23,032</u>	<u>\$22,956</u>	<u>\$23,294</u>	<u>\$338</u>

*See accompanying notes to the basic financial statements.*

**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
FIRE DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$48,532	\$65,868	\$61,868	(\$4,000)
Intergovernmental	19,816		6,577	6,577
Other	17,926	3,254	3,255	1
Total receipts	<u>86,274</u>	<u>69,122</u>	<u>71,700</u>	<u>2,578</u>
<b>Disbursements</b>				
<b>Current:</b>				
Public Safety	53,730	53,664	42,828	10,836
Capital Outlay	15,000	16,146	7,358	8,788
<b>Debt Service:</b>				
Principal Retirement	20,000	4,264	4,264	
Interest and Fiscal Charges	5,000	1,092	1,092	
Total Disbursements	<u>93,730</u>	<u>75,166</u>	<u>55,542</u>	<u>19,624</u>
Excess of Receipts Over (Under) Disbursements	<u>(7,456)</u>	<u>(6,044)</u>	<u>16,158</u>	<u>22,202</u>
Net Change in Fund Balance	(7,456)	(6,044)	16,158	22,202
Fund Balance Beginning of Year	<u>7,972</u>	<u>7,972</u>	<u>7,972</u>	
Fund Balance End of Year	<u>\$516</u>	<u>\$1,928</u>	<u>\$24,130</u>	<u>\$22,202</u>

*See accompanying notes to the basic financial statements.*

**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
SPECIAL LEVY EMT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$38,667	\$38,667	\$36,376	(\$2,291)
Charges for Services	39,538	28,864	32,315	3,451
Intergovernmental			2,353	2,353
Other		19,538		(19,538)
Total receipts	<u>78,205</u>	<u>87,069</u>	<u>71,044</u>	<u>(16,025)</u>
<b>Disbursements</b>				
<b>Current:</b>				
Public Safety	60,960	63,702	41,272	22,430
Capital Outlay	74,000	48,072	12,469	35,603
<b>Debt Service:</b>				
Principal Retirement		20,929	20,929	
Interest and Fiscal Charges		2,503	2,503	
Total Disbursements	<u>134,960</u>	<u>135,206</u>	<u>77,173</u>	<u>58,033</u>
Excess of Receipts Over (Under) Disbursements	<u>(56,755)</u>	<u>(48,137)</u>	<u>(6,129)</u>	<u>42,008</u>
Net Change in Fund Balance	(56,755)	(48,137)	(6,129)	42,008
Fund Balance Beginning of Year	<u>72,949</u>	<u>72,949</u>	<u>72,949</u>	
Fund Balance End of Year	<u>\$16,194</u>	<u>\$24,812</u>	<u>\$66,820</u>	<u>\$42,008</u>

*See accompanying notes to the basic financial statements.*



**MADISON TOWNSHIP  
CLARK COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
EMT SERVICE LEVY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u></u>
<b>Receipts</b>				
Property and Other Local Taxes	\$108,696	\$108,696	\$93,917	(\$14,779)
Intergovernmental			7,866	7,866
Total receipts	<u>108,696</u>	<u>108,696</u>	<u>101,783</u>	<u>(6,913)</u>
<b>Disbursements</b>				
<b>Current:</b>				
Public Safety	95,460	97,260	82,122	15,138
Total Disbursements	<u>95,460</u>	<u>97,260</u>	<u>82,122</u>	<u>15,138</u>
Excess of Receipts Over (Under) Disbursements	<u>13,236</u>	<u>11,436</u>	<u>19,661</u>	<u>8,225</u>
<b>Other Financing Sources (Uses)</b>				
Advances In			15,778	15,778
Advances Out			(15,778)	(15,778)
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	13,236	11,436	19,661	8,225
Fund Balance Beginning of Year				
Fund Balance End of Year	<u>\$13,236</u>	<u>\$11,436</u>	<u>\$19,661</u>	<u>\$8,225</u>

*See accompanying notes to the basic financial statements.*

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**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**1. REPORTING ENTITY**

The Madison Township, Clark County, Ohio (the Township) is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services and maintenance of Township roads and bridges. The Township has a volunteer fire and EMS department as well as a part-time paid EMS department. Police protection is provided by the Village of South Charleston and the Clark County Sheriff's Department.

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

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

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

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**2. Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township have one category, governmental.

**1. Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's has five major funds. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The other major funds are as follows:

**Gasoline Tax** – Receives state gasoline tax revenue for constructing, maintaining, and repairing Township roads and bridges.

**Fire District** – Receives property tax revenue for fire protection services.

**Special Levy EMT** – Receives property tax revenue and monies from billings for services for the operation of EMS services.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

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

**EMT Service Levy** – Receives property tax revenue for services for the operation of EMS services.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All the Township's funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

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

**E. Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$8,897 which includes \$4,151 assigned from other Township funds.

**F. Restricted Assets**

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

**G. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**I. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

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

**L. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Township has net assets restricted for dent service and other purposes. Of the Township's \$138,898 in restricted net assets \$0 was restricted by enabling legislation.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods.

**3. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund, Gasoline Tax Fund, Fire District, Special Levy EMT, and EMT Service Levy Funds prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The Township had no outstanding year end encumbrances.

**4. DEPOSITS AND INVESTMENTS**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Township had no un-deposited cash on hand.

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$166,359 of the Township's bank balance of \$266,359 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.



**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**5. PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2006 for real and public utility property taxes represents collection of 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) is for 2006 taxes.

2006 real property taxes are levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes which became a lien on December 31, 2005 are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible property tax receipts are levied after October 1, 2005, on the true value as of December 31, 2005. Collections are made in 2006. 2006 tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Tangible personal assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009.

Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006, was \$5.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	\$22,517,980
Public Utility Property	1,730,480
Tangible Personal Property	1,180,150
Total Assessed Values	<u>\$25,428,610</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**6. 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 townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTARMA is as follows:

Legal Liability	\$2,000,000	Per Occurrence
Automobile Liability	\$2,000,000	Each Accident
Wrongful Acts	\$2,000,000	Per Occurrence
Property	\$1,269,004	Total Coverage
Machinery	\$374,991	Limit

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**7. DEFINED BENEFIT PENSION PLAN**

**A. Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**7. DEFINED BENEFIT PENSION PLAN (Continued)**

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Township contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$14,701, \$4,747, and \$4,921 respectively; 100% percent has been contributed for 2006, 2005, and 2004. Contributions to the member-directed plan for 2006 were \$358 made by the Township and \$236 made by the plan members.

**8. POST-EMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.5 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .5 to 6 percent annually for the next nine years and 4 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual Township contributions for 2006 which were used to fund post-employment benefits were \$4,829. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**9. DEBT**

The Township's long-term debt activity for the year ended December 31, 2006, was as follows:

	<u>Interest Rate</u>	<u>Balance 12/31/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2006</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>						
Fire Truck Acquisition Bonds						
2003 Series	4.90%	\$ 95,000		\$19,000	\$ 76,000	\$19,000
Security National Bank Loan						
2004 Squad Purchase	4.15%	34,021		16,665	17,356	17,356
Key Bank Master Lease						
2005 Building Renovations	4.57%	77,752		12,791	64,961	13,359
Total		<u>\$206,773</u>	<u>\$0</u>	<u>\$48,456</u>	<u>\$158,317</u>	<u>\$49,715</u>

The Township issued Fire Truck Acquisition Bonds on October 27, 2003 in the amount of \$135,000, at an interest rate of 4.9%, for a term of seven years to purchase a new fire truck. Principal and interest payments are due annually to Security National Bank and Trust Company, Springfield, Ohio.

The Township secured a loan on December 27, 2004 in the amount of \$50,000, at an interest rate of 4.15%, for a term of three years to purchase a new EMS Squad. Principal and interest payments are due annually to Security National Bank and Trust Company, Springfield, Ohio.

The Township entered into a Master Lease Agreement on January 10, 2005 in the amount of \$90,000, at an interest rate of 4.57%, for a term of seven years to renovate the township administrative building. Principal and interest payments are due semi-annually to Key Government Finance, Inc. Englewood, Colorado.

All debt is supported by the full faith and credit of the Township and is payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Township's future annual debt service requirements:

<u>Year</u>	<u>Fire Truck Acquisition Bonds</u>			<u>Security National Bank Loan</u>			<u>Key Bank Master Lease</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$19,000	\$3,724	\$22,724	\$17,356	\$720	\$18,076	\$13,359	\$2,707	\$16,066
2008	19,000	2,793	21,793				13,952	2,114	16,066
2009	19,000	1,862	20,862				14,571	1,495	16,066
2010	19,000	931	19,931				15,218	848	16,066
2011							7,861	172	8,033
Totals	<u>\$76,000</u>	<u>\$9,310</u>	<u>\$85,310</u>	<u>\$17,356</u>	<u>\$720</u>	<u>\$18,076</u>	<u>\$64,961</u>	<u>\$7,336</u>	<u>\$72,297</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$2,514,032 and an unvoted debt margin of \$1,240,257.

**MADISON TOWNSHIP  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**10. CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended December 31, 2006, the Township has implemented GASB Statement No. 46, "*Net Assets Restricted by Enabling Legislation—an amendment of GASB Statement No. 34*"

Statement No. 46 requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets.

There was no effect on fund balance/net assets as a result of the implementation of this new standard.

**11. COMPLIANCE**

The Township did not properly certify all expenditures in accordance with Ohio Rev. Code 5705.41(D).

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# Mary Taylor, CPA

Auditor of State

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

Madison Township  
Clark County  
P. O. Box V  
228 West Columbus Road  
South Charleston, Ohio 45368

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Township, Clark County, (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 24, 2008, wherein we noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 opinions 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 internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in 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.

**Internal Control Over Financial Reporting  
(Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

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.

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 finding numbers 2007-001 and 2007-002 are also material weaknesses.

We also noted certain internal control matters that that we reported to the Township's management in a separate letter dated October 24, 2008.

**Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 24, 2008.

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

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



**Mary Taylor, CPA**  
Auditor of State

October 24, 2008



**MADISON TOWNSHIP  
CLARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

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

**FINDING NUMBER 2007-001**

**Material Weakness - Personal Property Reimbursement**

House Bill 66 phased out the tax on the tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. At the same time, the bill replaces the revenue lost due to phasing out the tax. In the first five years, school districts and local governments are reimbursed fully for lost revenue; in the following seven years, the reimbursements are phased out.

The Township received personal property tax reimbursement during fiscal years 2006 and 2007. Since the reimbursements were in lieu of taxes, they should have been booked as intergovernmental revenues, like rollbacks. During 2006 the Township posted following amounts in tangible personal property tax reimbursement receipts as property taxes:

<u>Fund</u>	<u>Amount</u>
Major Funds	
General Fund	\$1,062
Fire District	3,438
Emergency Medical Transport	3,538
Non-Major Governmental Funds	
Road and Bridge	\$672

Similarly during 2007 the Township posted following tangible personal property tax reimbursement amounts as property taxes:

<u>Fund</u>	<u>Amount</u>
Major Funds	
General Fund	\$3,073
Fire District	14,819
Emergency Medical Transport	8,717
EMT Service Levy	7,906
Non-Major Governmental Funds	
Road and Bridge	\$3,314

Audit adjustments were required to the Fire District, Emergency Medical Transport and EMT Service Levy funds in 2007 to properly classify revenues on the accompanying financial statements. A corresponding adjustment of \$31,442 had to be made to the accompanying statement of activities.

Policies and procedures should be developed and implemented to verify that all receipts are posted and rolls up to correct line items on the financial statements. Failure to do so could result in material misstatements on the Township's financial statements.

**FINDING NUMBER 2007-001  
(Continued)**

**Officials Response:**

The revenues were receipted to the correct fund but within the wrong account in the fund. These funds replace funds that were formerly posted to the personal property tax revenue account. The result of the funds being posted to the wrong account did not result in any type of recovery and the funds were spent in the manner that they were intended.

**FINDING NUMBER 2007-002**

**Material Weakness - Budgetary Amendments and Certificate of Estimated Resources**

The Township did not consistently update its accounting records throughout the year to reflect approved estimated resources. This limited the reliability of budgetary reports generated by the system. Up to date and accurate budgetary information is required to make informed budgetary decisions.

The following are a few examples of the errors that were noted during the testing of the Budget to Actual Statements, as a result of the accounting system not being updated:

1. 2006 General Fund's final estimated receipts were understated by \$35,313.
2. 2006 Fire District Fund's final estimated receipts were overstated by \$17,152.
3. 2006 Fire District Fund's original appropriation for capital outlay expenditure was overstated by \$20,000, while debt service and interest and fiscal charges appropriations were understated by \$15,000 and \$5,000 respectively.
4. 2006 Emergency Management Transport Fund's final estimated receipts were understated by \$8,864.
5. 2006 EMT Service Levy Fund's final estimated receipts were overstated by \$4,583.
6. 2007 General Fund's original estimated receipts were overstated by 3,831.
7. 2007 Gasoline Tax Fund's final estimated receipts were overstated by \$8,250.
8. 2007 Fire District Fund's original estimated receipts were understated by \$5,403.
9. 2007 Fire District Fund's original budgeted appropriations for capital outlay were overstated by \$5,355 while debt service and interest and fiscal charges were understated by \$4,453 and \$902 respectively.
10. 2007 Emergency Management Transport Fund's original estimated receipts were understated by \$3,181.
11. 2007 Emergency Management Transport Fund's original budgeted appropriations for capital outlay were overstated by \$21,809 while debt service and interest and fiscal charges were understated by \$20,187 and \$1,622 respectively.
12. 2007 EMT Service Levy Fund's original estimated receipts were understated by \$5,940.

These statements can be a very useful part of management's decision making, can serve as a tool to analyze the Township's operations and fiscal performance, and reflect activity for potential users of the basic financial statements.

To assist the Township officials in making timely financial decisions and to accurately analyze the effectiveness of its operations, the Township should update the accounting records to reflect estimated resources approved by the County Budget Commission and appropriations approved the Trustees.

**Official's Response:**

The township will update the budget with actual spending and receipts. This finding did not result in any type of recovery. The township has already changed this process and reviews the actual to budget at least quarterly.

## FINDING NUMBER 2007-003

### Noncompliance Citation

**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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. **Blanket certificate** - Fiscal officers may prepare "blanket" certificates not exceeding an amount established by resolution or ordinance adopted by the legislative authority, against any specific line item account over a period not 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 Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

16.8% of the expenditures sampled and 7.53% of the individually significant items tested for the audit period were not properly certified, with all of the noted errors occurring in 2006. Failure to properly certify the availability of funds could result in misappropriation of monies and negative cash fund balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility that the Township's funds would exceed budgetary spending limitations, the Township's Fiscal Officer should certify that the funds are available prior to the obligation by the Township. When prior certification is not possible, "then and now" certification should be used. The Township should certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification prior to the Township incurring a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**FINDING NUMBER 2007-003**

**Officials Response:**

The township paid two invoices that should have been placed on then & now purchase orders in 2006 instead of regular purchase orders. There were no findings for recovery and the township did not appropriate more than what was budgeted in either incidence. There were no findings in 2007 for this citation.

**MADISON TOWNSHIP  
CLARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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>
2005-001	ORC Sec. 5705.41(D) – Failed to properly certify funds available prior to expenditures	No	Repeated as finding number 2007-003
2005-002	Incorrect classification of Revenues	No	Repeated in management letter.





**Mary Taylor, CPA**  
Auditor of State

**MADISON 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  
DECEMBER 2, 2008**