



Dave Yost • Auditor of State

MADISON TOWNSHIP
GUERNSEY COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Madison Township
Guernsey County
18818 Kansas Road
Salesville, Ohio 43778

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of Madison Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Madison Township, Guernsey County, Ohio, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

October 17, 2016

**MADISON TOWNSHIP
GUERNSEY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$33,161	\$34,270	\$0	\$0	\$67,431
Licenses, Permits and Fees	1,200				1,200
Intergovernmental	17,093	104,232	0	7,345	128,670
Earnings on Investments	57	35	0	0	92
Miscellaneous	1,106	1,275	0	0	2,381
<i>Total Cash Receipts</i>	<u>52,617</u>	<u>139,812</u>	<u>0</u>	<u>7,345</u>	<u>199,774</u>
Cash Disbursements					
Current:					
General Government	47,723	8,742	0	0	56,465
Public Works	0	112,243	0	0	112,243
Health	157	0	0	0	157
Other		7,500			7,500
<i>Total Cash Disbursements</i>	<u>47,880</u>	<u>128,485</u>	<u>0</u>	<u>0</u>	<u>176,365</u>
<i>Excess of Receipts Over Disbursements</i>	<u>4,737</u>	<u>11,327</u>	<u>0</u>	<u>7,345</u>	<u>23,409</u>
<i>Fund Cash Balances, January 1 (Restated, See Note 3)</i>	<u>44,021</u>	<u>95,430</u>	<u>28</u>	<u>25,461</u>	<u>164,940</u>
Fund Cash Balances, December 31					
Restricted	0	96,529	28	32,806	129,363
Committed	0	10,228	0	0	10,228
Assigned	48,758	0	0	0	48,758
<i>Fund Cash Balances, December 31</i>	<u>\$48,758</u>	<u>\$106,757</u>	<u>\$28</u>	<u>\$32,806</u>	<u>\$188,349</u>

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

**MADISON TOWNSHIP
GUERNSEY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$33,836	\$36,821	\$0	\$0	\$70,657
Intergovernmental	10,901	99,919	0	6,522	117,342
Earnings on Investments	63	20	0	0	83
Miscellaneous	8,674	0	0	0	8,674
<i>Total Cash Receipts</i>	<u>53,474</u>	<u>136,760</u>	<u>0</u>	<u>6,522</u>	<u>196,756</u>
Cash Disbursements					
Current:					
General Government	33,232	8,708	0	0	41,940
Public Works	33,679	87,982	0	0	121,661
Health	330	0	0	0	330
<i>Total Cash Disbursements</i>	<u>67,241</u>	<u>96,690</u>	<u>0</u>	<u>0</u>	<u>163,931</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,767)</u>	<u>40,070</u>	<u>0</u>	<u>6,522</u>	<u>32,825</u>
Other Financing Receipts (Disbursements)					
Transfers In	0	0	0	1,500	1,500
Transfers Out	(1,500)	0	0	0	(1,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,500)</u>	<u>0</u>	<u>0</u>	<u>1,500</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(15,267)</u>	<u>40,070</u>	<u>0</u>	<u>8,022</u>	<u>32,825</u>
<i>Fund Cash Balances, January 1 (Restated, see Note 3)</i>	<u>58,590</u>	<u>54,541</u>	<u>28</u>	<u>17,439</u>	<u>130,598</u>
Fund Cash Balances, December 31					
Restricted	0	75,989	28	25,461	101,478
Committed	0	18,622	0	0	18,622
Assigned	43,323	0	0	0	43,323
<i>Fund Cash Balances, December 31</i>	<u>\$43,323</u>	<u>\$94,611</u>	<u>\$28</u>	<u>\$25,461</u>	<u>\$163,423</u>

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

**MADISON TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Madison Township, Guernsey County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with the Antrim Volunteer Fire Department to provide fire services.

The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

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

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

C. Deposits

The Township has an interest-bearing checking account.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

**MADISON TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Fund

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Public Works Commission Projects Fund – This fund receives funding from the Guernsey County Engineer’s Office for road repairs.

4. Debt Service Fund

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant debt service fund:

General Bond-Retirement Debt Service Fund – This fund is used for the repayment of debt. The fund had no activity in 2015 or 2014.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2015 and 2014 budgetary activity appears in Note 4.

**MADISON TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

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

1. Restricted

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

2. Committed

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

3. Assigned

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

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

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED DEPOSITS

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

	2015	2014
Demand deposits	<u>\$188,349</u>	<u>\$163,423</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

**MADISON TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. RESTATEMENT OF FUND BALANCE

For the year ended December 31, 2013, a non-significant adjustment by the Township for voided checks resulted in a fund balance restatement.

Governmental Funds	Fund Balances at December 31, 2013	Restatement Amount	Fund Balances at January 1, 2014
General	\$55,263	\$3,327	\$58,590
Special Revenue	\$54,209	\$332	\$54,541

For the year ended December 31, 2014, a non-significant adjustment by the Township for voided checks resulted in a fund balance restatement.

Governmental Funds	Fund Balances at December 31, 2014	Restatement Amount	Fund Balances at January 1, 2015
General	\$43,323	\$698	\$44,021
Special Revenue	\$94,611	\$819	\$95,430

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014, follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,273	\$52,617	\$10,344
Special Revenue	133,808	139,812	6,004
Capital Projects	7,345	7,345	0
Total	<u>\$183,426</u>	<u>\$199,774</u>	<u>\$16,348</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,596	\$47,880	\$37,716
Special Revenue	225,343	128,485	96,858
Debt Service	28	0	28
Capital Projects	13,873	0	13,873
Total	<u>\$324,840</u>	<u>\$176,365</u>	<u>\$148,475</u>

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,457	\$53,474	\$13,017
Special Revenue	135,390	136,760	1,370
Capital Projects	8,022	8,022	0
Total	<u>\$183,869</u>	<u>\$198,256</u>	<u>\$14,387</u>

**MADISON TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$40,457	\$68,741	(\$28,284)
Special Revenue	135,419	96,690	38,729
Debt Service	88	0	88
Capital Projects	6,523	0	6,523
Total	\$182,487	\$165,431	\$17,056

Contrary to Ohio Rev. Code § 5705.41(B), the Township's General and Permissive Motor Vehicle License Funds had expenditures that exceeded appropriations during 2014.

5. PROPERTY TAX

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

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

6. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

7. RISK MANAGEMENT

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**MADISON TOWNSHIP
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. RISK MANAGEMENT (Continued)

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims. The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014 (the latest information available):

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2015</u>	<u>2014</u>
\$3,509	\$3,641

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



Dave Yost • Auditor of State

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

Madison Township
Guernsey County
18818 Kansas Road
Salesville, Ohio 43778

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Madison Township, Guernsey County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2015-001 through 2015-003 to be material weaknesses.

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, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2015-001.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

October 17, 2016

**MADISON TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 and 2014**

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

FINDING NUMBER 2015-001

Noncompliance/Material Weakness

Ohio Rev. Code § 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

In January 2014, the prior Fiscal Officer and the Board of Trustees only appropriated the 2014 Estimated Receipts amount instead of the Estimated Resources amount, which would have included the unencumbered fund balance. Expenditures exceeded appropriations at December 31, 2014, in the following funds:

Fund	Appropriations per Board of Trustees	Actual Expenditures	Variance
General	\$40,457	\$68,741	(\$28,284)
Permissive MVL	\$1,800	\$2,291	(\$491)

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2015-002

Material Weakness

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2015, estimated receipts as approved by the Budget Commission did not agree to the amounts posted by the Fiscal Officer in the Township's ledgers and related financial presentations in the following funds:

Fund	Estimated Revenue Per County Budget Commission	Estimated Revenue Per Revenue Status Report	Variance
General	\$42,373	\$45,080	\$2,807
Gasoline Tax	\$83,206	\$84,000	\$794
Road and Bridge	\$27,274	\$25,574	(\$1,700)
Special Fire Levy	\$10,026	\$9,468	(\$558)

At December 31, 2015, appropriations as approved by the Board of Trustees did not agree to the amounts posted by the Fiscal Officer in the Township's ledgers for the following funds:

**MADISON TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDING NUMBER 2015-002 (Continued)

Material Weakness (Continued)

Fund	Appropriations per Board of Trustees	Appropriation Status Report	Variance
General	\$85,596	\$88,403	\$2,807
MVL	\$21,420	\$21,321	(\$99)
Gasoline Tax	\$141,251	\$142,475	\$1,224
Road and Bridge	\$45,808	\$44,108	(\$1,700)
Fire Levy	\$16,769	\$16,211	(\$558)

At December 31, 2014, appropriations as approved by the Board of Trustees did not agree to the amounts posted by prior Fiscal Officer in the Township's ledgers for the following funds:

Fund	Appropriations per Board of Trustees	Appropriations per Appropriation Status Report	Variance
General	\$40,457	\$85,675	\$45,218
MVL	\$12,010	\$14,893	\$2,883
Gasoline Tax	\$84,061	\$93,661	\$9,600
Road and Bridge	\$27,160	\$35,667	\$8,507
Fire Levy	\$10,360	\$10,662	\$302
Permissive MVL	\$1,800	\$3,800	\$2,000
FEMA	\$28	\$0	(\$28)
Public Works Commission	\$6,523	\$0	(\$6,523)
General Note Retirement	\$88	\$0	(\$88)

Due to budgetary information being improperly entered into the system, the management of the Township was not able to effectively monitor and report its budgetary vs. actual status throughout the year.

The Fiscal Officer should accurately post estimated receipts and appropriations as approved by the Budget Commission into the computer system. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

FINDING NUMBER 2015-003

Material Weakness

The Township should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As a result of audit procedures performed, adjustments/misclassifications were noted in the Township's financial statements that required adjustment/reclassification as follows:

**MADISON TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDING NUMBER 2015-003 (Continued)

Material Weakness (Continued)

During 2015 we noted:

- Statement No. 54 of the Governmental Standards Board (GASB) was adopted for financial statement reported after June 15, 2010.
- The Township improperly reported the Road & Bridge Fund's cash fund balance, in the amount of \$10,228, as restricted instead of committed.
- The Township improperly reported the subsequent year appropriations in excess of estimated receipts in the General Fund, in the amount of \$48,758, as unassigned instead of assigned.

During 2014 we noted:

- 5% Township Road Ratio receipt, in the amount of \$798, was posted to the General Fund instead of the Motor Vehicle License Tax Fund;
- Cents Per Gallon receipt, in the amount of \$2,595, was posted to the General Fund instead of the Gasoline Tax Fund;
- Permissive Tax receipt, in the amount of \$185, was posted to the General Fund intergovernmental instead of Permissive Motor Vehicle License Tax Fund taxes.
- Statement No. 54 of the Governmental Standards Board (GASB) was adopted for financial statement reported after June 15, 2010.
- The Township improperly reported the Road & Bridge Fund's cash fund balance, in the amount of \$18,534, as restricted instead of committed.
- The Township improperly reported the subsequent year appropriations in excess of estimated receipts in the General Fund, in the amount of \$43,323, as unassigned instead of assigned.

We also noted other misclassifications that were not material to the financial statements and therefore not included above. These adjustments/misclassifications errors were due to limited oversight. The significant adjustments/reclassification, with which management agrees, was posted to the financial statements and the accounting system of the Township on October 7, 2016.

The Fiscal Officer should refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts.

Client Response: The client elected not to respond to the Findings.

**MADISON TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Ohio Rev. Code § 505.24(A)(B) – Trustees overpaid in prior audit period by \$354.	Yes	Finding No Longer Valid; Each Trustee paid the Finding for Recovery.
2013-002	Ohio Rev. Code § 507.09(A)(D) – Fiscal Officer overpaid in prior audit by \$1,768	Yes	Finding No Longer Valid; Fiscal Officer paid the Finding for Recovery.
2013-003	Ohio Rev. Code § 505.601 – Fiscal Officer improperly reimbursed \$21,463 for out-of-pocket health care premiums.	Yes	Finding No Longer Valid; Fiscal Officer paid the Finding for Recovery.
2013-004	Ohio Rev. Code § 505.24(C) – Trustee salaries were improperly allocated to improper funds.	Yes	Finding No Longer Valid; Township made the Finding for Adjustment.
2013-005	Ohio Rev. Code § 5705.10(D) – receipts were posted to incorrect funds.	Yes	Finding No Longer Valid; Township made the Finding for Adjustment.
2013-006	Ohio Rev. Code § 5705.10(I) – expenditures were made from improper funds	Yes	Finding No Longer Valid; Township made the Finding for Adjustment.
2013-007	Ohio Rev. Code § 507.09 – Fiscal Officer's salary paid from an improper fund.	Yes	Finding No Longer Valid; Township made the Finding for Adjustment.
2013-008	Ohio Rev. Admin. Code § 117-2-02(A) – Fiscal Officer posted transactions to improper classification.	Yes	Finding No Longer Valid; Township made the Finding for Adjustment.

**MADISON TOWNSHIP
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-009	Ohio Rev. Code § 5705.14(D)(1)	Yes	Finding No Longer Valid; Township corrected the budgetary issue.
2013-010	Material Weakness – Fiscal Officer did not prepare accurate and complete bank reconciliations.	Yes	Finding No Longer Valid; Fiscal Officer completes accurate and complete reconciliations.
2013-011	Material Weakness – Fiscal officer did not post legislatively approved budgetary amounts to budgetary accounting system.	No	Partially Corrected; Issued Finding 2015-002.
2013-012	Significant Deficiency- issues related to the un-auditable, unreconciled condition of accounting records.	Yes	Finding No Longer Valid; Issues have been corrected.

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Dave Yost • Auditor of State

MADISON TOWNSHIP

GUERNSEY 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
NOVEMBER 15, 2016**