

**MADISON TOWNSHIP
LICKING COUNTY**

AUDIT REPORT

JANUARY 1, 2007 – DECEMBER 31, 2008

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Madison Township
3153 Beal Road SE
Newark, Ohio 43056

We have reviewed the *Independent Auditors' Report* of Madison Township, Licking County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Madison Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 15, 2009

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**MADISON TOWNSHIP
LICKING COUNTY**

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Madison Township
Licking County
3153 Beal Road SE
Newark, Ohio 43056

We have audited the accompanying financial statements of the governmental activities, major funds and aggregate remaining fund information of Madison Township, Licking County as of and for the years ended December 31, 2008 and 2007, which collectively comprised the Township's basic financial statements. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the Township has prepared these financial statements and notes using the cash basis of accounting. 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 financial position-cash basis of the governmental activities, major funds and the aggregate remaining fund information of Madison Township, Licking County, as of December 31, 2008 and 2007, and the respective changes in financial position-cash basis and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and General Fire Fund, 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 a report dated June 1, 2009, on our consideration of Madison Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Government 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.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 1, 2009

**MADISON TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 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 years ended December 31, 2008 and 2007, within the limitations of the Township's cash basis accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2008 and 2007 are as follows:

The Township's general receipts are primarily Real Estate and property taxes for governmental activities for the year. Tax receipts for 2008 and 2007 changed very little compared to 2006 as development within the Township has stayed about the same.

In 2008, the Township purchased a bucket truck costing \$22,041 to assist in tree trimming. For the Fire Department, the Township increased the Volunteer Incentive program amount to \$25,000.

In 2007, The Township purchased a road patching machine for \$56,814 and a brush chipper for \$18,359. The Township also had guard rail installed on a township road for \$12,607. For the Fire Department, a secondary squad was purchased for \$32,000.

In 2007, the Township paid off all remaining debt in the amount of \$30,000.

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 statement of activities provide information about the cash activities of the Township as a whole. The statement of cash basis assets and fund balances, and the statement of cash receipts, disbursements and changes in fund cash balances, present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic 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.

**MADISON TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

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 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 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.

Reporting the Government as a Whole

The statements of net assets and statements of activities for 2008 and 2007 reflect how the Township did financially within the limitations of the cash basis of accounting. The statement of net assets present the cash balances 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 programs services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash 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 nonfinancial factors as well such as the Township's tax base, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and real estate taxes.

In the statement of net assets and the statement of activities, we divide the government into governmental activities. All of the Township's basic services are reported here, including road maintenance. Real estate 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 Government'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.

**MADISON TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

Governmental Funds - All of 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 nonmajor 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 for 2008 and 2007 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and General Fire Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the township reports on the cash basis.

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2008 and 2007 with no comparison to 2006 as this is the first period reported under this method.

Table 1
NET ASSETS

	Governmental Activities	
	2008	2007
Assets		
Cash	\$ 605,146	\$ 524,205
Total Assets	605,146	524,205
Net Assets		
Restricted for:		
Other Purposes	230,175	239,475
Unrestricted	374,971	284,730
Total Net Assets	\$ 605,146	\$ 524,205

**MADISON TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

Table 2 reflects the changes in net assets in 2008 and 2007 with no comparison to 2006 as this is the first period under this method.

Table 2
CHANGES IN NET ASSETS

	Governmental Activities	
	2008	2007
Receipts:		
Program Receipts:		
Operating Grants	\$ 103,039	\$ 97,341
Charges for Services	4,263	3,351
Total Program Receipts	<u>107,302</u>	<u>100,692</u>
General Receipts;		
Property and Other Tax	430,257	439,727
Grants and Entitlements		
not Restricted	126,545	97,061
Sale of Assets	9,980	-
Interest	12,785	23,540
Miscellaneous	7,955	17,667
Total General Receipts	<u>587,522</u>	<u>577,995</u>
Total Receipts	<u>694,824</u>	<u>678,687</u>
Disbursements:		
General Government	101,134	98,633
Public Safety	116,668	107,784
Public Works	361,077	259,220
Health	200	390
Other	6,683	-
Capital Outlay	28,121	113,703
Debt Service-Principal	-	30,000
Interest	-	782
Total Disbursements	<u>613,883</u>	<u>610,512</u>
Increase/(Decrease)		
In Net Assets	<u>80,941</u>	<u>68,175</u>
Net Assets, January 1	524,205	456,030
Net Assets, December 31	<u>\$ 605,146</u>	<u>\$ 524,205</u>

Program receipts represent 15% and 15% of total receipts for 2008 and 2007, respectively. They are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 85%, and 85% of the Township's total receipts for 2008 and 2007, respectively. Local taxes represent 73%, and 76% of the general receipts. Grants and entitlements make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources.

**MADISON TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

Disbursements for general government represent the overhead costs of running the Township and the support services provided for the other Township activities.

The Government's Funds

Total governmental funds had receipts of \$694,824 and \$678,687 for 2008 and 2007 and disbursements of \$613,883 and \$610,512 for 2008 and 2007, respectively.

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 and disbursements. The most significant budgeted fund is the General Fund.

During 2008 and 2007, the Township made amendments to its appropriation budget and receipts budget to reflect changing circumstances. For 2008 and 2007, actual receipts were greater than budgeted receipts.

Final budgeted disbursements for 2008 and 2007 were \$464,149 and \$441,154, respectively. Actual disbursements for 2008 and 2007 were \$102,413 and \$179,428, respectively. The Township kept spending close to budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt

As of December 31, 2008, the Township had no outstanding debt.

Contacting the Government'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 Nancy Robinson, Fiscal Officer, 3153 Beal Road SE, Newark, Ohio 43056.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF NET ASSETS-CASH BASIS
December 31, 2008**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 605,146</u>
Total Assets	<u>\$ 605,146</u>
NET ASSETS:	
Restricted for:	
Other Purposes	230,175
Unrestricted	<u>374,971</u>
Total Net Assets	<u><u>\$ 605,146</u></u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Net</u> <u>(Disbursements)</u> <u>Receipts and</u> <u>Changes in</u> <u>Net Assets</u>
Governmental Activities:					
General Government	\$ 101,134	\$ 4,263	\$ -	\$ -	\$ (96,871)
Public Safety	116,668	-	-	-	(116,668)
Public Works	361,077	-	103,039	-	(258,038)
Health	200	-	-	-	(200)
Other	6,683	-	-	-	(6,683)
Capital Outlay	28,121	-	-	-	(28,121)
Total Governmental Activities	<u>\$ 613,883</u>	<u>\$ 4,263</u>	<u>\$ 103,039</u>	<u>\$ -</u>	<u>\$ (506,581)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	430,257
Grants and Entitlements not	
Restricted to Specific Programs	126,545
Sale of Assets	9,980
Interest	12,785
Miscellaneous	7,955
	<u>587,522</u>
Total General Receipts	<u>587,522</u>
Change in Net Assets	80,941
Net Assets Beginning of Year	<u>524,205</u>
Net Assets End of Year	<u>\$ 605,146</u>

See notes to the basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2008**

	<u>General</u>	<u>Gas Tax</u>	<u>Road and Bridge</u>	<u>General Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:						
Equity in Pooled Cash and cash Equivalents	\$ 374,971	\$ 45,429	\$ 107,305	\$ 66,735	\$ 10,706	\$ 605,146
Total Assets	<u>\$ 374,971</u>	<u>\$ 45,429</u>	<u>\$ 107,305</u>	<u>\$ 66,735</u>	<u>\$ 10,706</u>	<u>\$ 605,146</u>
Fund Balances:						
Unreserved:						
General Fund	374,971	-	-	-	-	374,971
Special Revenue Fund	-	45,429	107,305	66,735	10,706	230,175
Total Fund Balances	<u>\$ 374,971</u>	<u>\$ 45,429</u>	<u>\$ 107,305</u>	<u>\$ 66,735</u>	<u>\$ 10,706</u>	<u>\$ 605,146</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2008**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>General Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS						
Property and Other Local Taxes	\$ 118,465	\$ -	\$ 199,816	\$ 111,976	\$ -	\$ 430,257
Licenses, Permits, and Fees	4,263	-	-	-	-	4,263
Intergovernmental	57,559	89,806	34,619	27,684	19,916	229,584
Interest	11,684	910	-	-	191	12,785
Other	581	2,955	3,672	747	-	7,955
Total Receipts	<u>192,552</u>	<u>93,671</u>	<u>238,107</u>	<u>140,407</u>	<u>20,107</u>	<u>684,844</u>
CASH DISBURSEMENTS:						
Current:						
General Government	101,134	-	-	-	-	101,134
Public Safety	-	-	-	116,668	-	116,668
Public Works	-	78,105	271,585	-	11,387	361,077
Health	200	-	-	-	-	200
Other	-	-	-	-	6,683	6,683
Capital Outlay	1,079	-	22,042	5,000	-	28,121
Total Disbursements	<u>102,413</u>	<u>78,105</u>	<u>293,627</u>	<u>121,668</u>	<u>18,070</u>	<u>613,883</u>
Excess of Receipts Over/(Under) Disbursements	90,139	15,566	(55,520)	18,739	2,037	70,961
Other Financing Sources:						
Sale of Assets	102	-	5,400	4,478	-	9,980
Total Other Financing Sources	<u>102</u>	<u>-</u>	<u>5,400</u>	<u>4,478</u>	<u>-</u>	<u>9,980</u>
Net Change in Cash Fund Balance	90,241	15,566	(50,120)	23,217	2,037	80,941
Cash Fund Balances Beginning of Year	<u>284,730</u>	<u>29,863</u>	<u>157,425</u>	<u>43,518</u>	<u>8,669</u>	<u>524,205</u>
Cash Fund Balances End of Year	<u>\$ 374,971</u>	<u>\$ 45,429</u>	<u>\$ 107,305</u>	<u>\$ 66,735</u>	<u>\$ 10,706</u>	<u>\$ 605,146</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL 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>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 118,246	\$ 118,246	\$ 118,465	\$ 219
Licenses, Permits and Fines	3,000	3,000	4,263	1,263
Intergovernmental	53,173	53,173	57,559	4,386
Interest	5,000	5,000	11,684	6,684
Other	-	-	581	581
Total Receipts	<u>179,419</u>	<u>179,419</u>	<u>192,552</u>	<u>13,133</u>
CASH DISBURSEMENTS:				
Current:				
General Government	413,240	412,149	101,134	311,015
Health	2,000	2,000	200	1,800
Capital Outlay	50,000	50,000	1,079	48,921
Total Disbursements	<u>465,240</u>	<u>464,149</u>	<u>102,413</u>	<u>361,736</u>
Excess of Receipts Over/(Under) Disbursements	(285,821)	(284,730)	90,139	374,869
Other Financing (Uses):				
Sale of Assets	-	-	102	(102)
Total Other Financing (Uses)	-	-	102	(102)
Net Change in Cash Fund Balance	(285,821)	(284,730)	90,241	374,971
Cash Fund Balances Beginning of Year	283,640	283,640	283,640	-
Prior Year Encumbrances Appropriated	<u>1,090</u>	<u>1,090</u>	<u>1,090</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ (1,091)</u>	<u>\$ -</u>	<u>\$ 374,971</u>	<u>\$ 374,971</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
CASH RECEIPTS				
Intergovernmental	\$ 80,000	\$ 80,000	\$ 89,806	\$ 9,806
Interest	-	-	910	910
Other	-	-	2,955	2,955
Total Receipts	<u>80,000</u>	<u>80,000</u>	<u>93,671</u>	<u>13,671</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	109,863	109,863	78,105	31,758
Total Disbursements	<u>109,863</u>	<u>109,863</u>	<u>78,105</u>	<u>31,758</u>
Net Change in Cash Fund Balance	(29,863)	(29,863)	15,566	45,429
Cash Fund Balances Beginning of Year	<u>29,863</u>	<u>29,863</u>	<u>29,863</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,429</u>	<u>\$ 45,429</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 199,990	\$ 199,990	\$ 199,816	\$ (174)
Intergovernmental	28,000	28,000	34,619	6,619
Other	-	-	3,672	3,672
Total Receipts	<u>227,990</u>	<u>227,990</u>	<u>238,107</u>	<u>10,117</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	323,494	333,375	271,585	61,790
Capital Outlay	65,000	52,040	22,042	29,998
Total Disbursements	<u>388,494</u>	<u>385,415</u>	<u>293,627</u>	<u>91,788</u>
Excess of Receipts Over/(Under) Disbursements	(160,504)	(157,425)	(55,520)	101,905
Other Financing Sources:				
Sale of Assets	-	-	5,400	5,400
Total Other Financing Sources	-	-	5,400	5,400
Net Change in Cash Fund Balances	(160,504)	(157,425)	(50,120)	107,305
Cash Fund Balances Beginning of Year	154,346	154,346	154,346	-
Prior Years Encumbrances Appropriated	<u>3,079</u>	<u>3,079</u>	<u>3,079</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ (3,079)</u>	<u>\$ -</u>	<u>\$ 107,305</u>	<u>\$ 107,305</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
CASH RECEIPTS				
Property and Other Local Taxes	\$ 111,734	\$ 111,734	\$ 111,976	\$ 242
Intergovernmental	16,000	21,000	27,684	6,684
Other	-	-	747	747
Total Receipts	<u>127,734</u>	<u>132,734</u>	<u>140,407</u>	<u>7,673</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety	167,824	171,252	116,668	54,584
Capital Outlay	5,000	5,000	5,000	-
Total Disbursements	<u>172,824</u>	<u>176,252</u>	<u>121,668</u>	<u>54,584</u>
Excess of Receipts Over/(Under) Disbursements	(45,090)	(43,518)	18,739	62,257
Other Financing Sources:				
Sale of Assets	-	-	4,478	4,478
Total Other Financing Sources	-	-	4,478	4,478
Net Change in Cash Fund Balances	(45,090)	(43,518)	23,217	66,735
Cash Fund Balances Beginning of Year	41,946	41,946	41,946	-
Prior Years Encumbrances Appropriated	<u>1,572</u>	<u>1,572</u>	<u>1,572</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ (1,572)</u>	<u>\$ -</u>	<u>\$ 66,735</u>	<u>\$ 66,735</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

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

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 524,205</u>
Total Assets	<u>\$ 524,205</u>
NET ASSETS:	
Restricted for:	
Other Purposes	239,475
Unrestricted	<u>284,730</u>
Total Net Assets	<u><u>\$ 524,205</u></u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

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

	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
Governmental Activities:					
General Government	\$ 98,633	\$ 3,351	\$ -	\$ -	\$ (95,282)
Public Safety	107,784	-	-	-	(107,784)
Public Works	259,220	-	97,341	-	(161,879)
Health	390	-	-	-	(390)
Debt Service:					
Principal	30,000	-	-	-	(30,000)
Interest and Fiscal Charges	782	-	-	-	(782)
Capital Outlay	113,703	-	-	-	(113,703)
Total Governmental Activities	\$ 610,512	\$ 3,351	\$ 97,341	\$ -	\$ (509,820)

General Receipts:

Property Taxes Levied for:	
General Purposes	439,727
Grants and Entitlements not	
Restricted to Specific Programs	97,061
Interest	23,540
Miscellaneous	17,667
Total General Receipts	577,995
 Change in Net Assets	 68,175
Net Assets Beginning of Year	456,030
 Net Assets End of Year	 \$ 524,205

See notes to the basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

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

	<u>General</u>	<u>Gas Tax</u>	<u>Road and Bridge</u>	<u>General Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:						
Equity in Pooled Cash and cash Equivalents	\$ 284,730	\$ 29,863	\$ 157,425	\$ 43,518	\$ 8,669	\$ 524,205
Total Assets	<u>\$ 284,730</u>	<u>\$ 29,863</u>	<u>\$ 157,425</u>	<u>\$ 43,518</u>	<u>\$ 8,669</u>	<u>\$ 524,205</u>
Fund Balances:						
Reserved:						
Reserved for Encumbrances	1,090	-	3,079	1,572	-	5,741
Unreserved:						
General Fund	283,640	-	-	-	-	283,640
Special Revenue Fund	-	29,863	154,346	41,946	8,669	234,824
Total Fund Balances	<u>\$ 284,730</u>	<u>\$ 29,863</u>	<u>\$ 157,425</u>	<u>\$ 43,518</u>	<u>\$ 8,669</u>	<u>\$ 524,205</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2007**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>General Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS						
Property and Other Local Taxes	\$ 120,888	\$ -	\$ 204,281	\$ 114,558	\$ -	\$ 439,727
Charges for Services	-	-	-	-	-	-
Licenses, Permits, and Fees	3,351	-	-	-	-	3,351
Intergovernmental	52,748	83,787	28,311	16,002	13,554	194,402
Interest	21,674	1,547	-	-	319	23,540
Other	6,451	-	141	11,075	-	17,667
Total Receipts	<u>205,112</u>	<u>85,334</u>	<u>232,733</u>	<u>141,635</u>	<u>13,873</u>	<u>678,687</u>
CASH DISBURSEMENTS:						
Current:						
General Government	98,633	-	-	-	-	98,633
Public Safety	-	-	-	107,784	-	107,784
Public Works	-	95,602	149,011	-	14,607	259,220
Health	390	-	-	-	-	390
Other	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	30,000	-	30,000
Interest and Fiscal Charges	-	-	-	782	-	782
Capital Outlay	79,315	-	18,266	16,122	-	113,703
Total Disbursements	<u>178,338</u>	<u>95,602</u>	<u>167,277</u>	<u>154,688</u>	<u>14,607</u>	<u>610,512</u>
Net Change in Cash Fund Balance	26,774	(10,268)	65,456	(13,053)	(734)	68,175
Cash Fund Balances Beginning of Year	<u>257,956</u>	<u>40,131</u>	<u>91,969</u>	<u>56,571</u>	<u>9,403</u>	<u>456,030</u>
Cash Fund Balances End of Year	<u>\$ 284,730</u>	<u>\$ 29,863</u>	<u>\$ 157,425</u>	<u>\$ 43,518</u>	<u>\$ 8,669</u>	<u>\$ 524,205</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL 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>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 120,232	\$ 120,232	\$ 120,888	\$ 656
Licenses, Permits and Fines	3,000	3,000	3,351	351
Intergovernmental	54,966	54,966	52,748	(2,218)
Interest	5,000	5,000	21,674	16,674
Other	-	-	6,451	6,451
Total Receipts	<u>183,198</u>	<u>183,198</u>	<u>205,112</u>	<u>21,914</u>
CASH DISBURSEMENTS:				
Current:				
General Government	435,154	355,840	99,723	256,117
Health	1,000	1,000	390	610
Capital Outlay	<u>5,000</u>	<u>84,314</u>	<u>79,315</u>	<u>4,999</u>
Total Disbursements	<u>441,154</u>	<u>441,154</u>	<u>179,428</u>	<u>261,726</u>
Net Change in Cash Fund Balance	(257,956)	(257,956)	25,684	283,640
Cash Fund Balances Beginning of Year	<u>257,956</u>	<u>257,956</u>	<u>257,956</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 283,640</u>	<u>\$ 283,640</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 83,787	\$ (6,213)
Interest	-	-	1,547	1,547
Total Receipts	<u>90,000</u>	<u>90,000</u>	<u>85,334</u>	<u>(4,666)</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	<u>130,131</u>	<u>130,131</u>	<u>95,602</u>	<u>34,529</u>
Total Disbursements	<u>130,131</u>	<u>130,131</u>	<u>95,602</u>	<u>34,529</u>
Net Change in Cash Fund Balance	(40,131)	(40,131)	(10,268)	29,863
Cash Fund Balances Beginning of Year	<u>40,131</u>	<u>40,131</u>	<u>40,131</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,863</u>	<u>\$ 29,863</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 202,398	\$ 202,398	\$ 204,281	\$ 1,883
Intergovernmental	22,906	22,906	28,311	5,405
Other	-	-	141	141
Total Receipts	<u>225,304</u>	<u>225,304</u>	<u>232,733</u>	<u>7,429</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	297,273	272,273	152,090	120,183
Capital Outlay	20,000	45,000	18,266	26,734
Total Disbursements	<u>317,273</u>	<u>317,273</u>	<u>170,356</u>	<u>146,917</u>
Net Change in Cash Fund Balances	(91,969)	(91,969)	62,377	154,346
Cash Fund Balances Beginning of Year	<u>91,969</u>	<u>91,969</u>	<u>91,969</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,346</u>	<u>\$ 154,346</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FIRE 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>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 113,273	\$ 113,273	\$ 114,558	\$ 1,285
Intergovernmental	13,011	13,011	16,002	2,991
Other	-	5,000	11,075	6,075
Total Receipts	<u>126,284</u>	<u>131,284</u>	<u>141,635</u>	<u>10,351</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety	144,066	137,365	109,356	28,009
Debt Service:				
Principal	30,000	30,000	30,000	-
Interest	789	789	782	7
Capital Outlay	8,000	17,500	16,122	1,378
Total Disbursements	<u>182,855</u>	<u>185,654</u>	<u>156,260</u>	<u>29,394</u>
Net Change in Cash Fund Balance	(56,571)	(54,370)	(14,625)	39,745
Cash Fund Balances Beginning of Year	<u>56,571</u>	<u>56,571</u>	<u>56,571</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ 2,201</u>	<u>\$ 41,946</u>	<u>\$ 39,745</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE REPORTING ENTITY

Reporting Entity

The Township of Madison, Licking County, is a body politic and corporate established in 1812 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 and a publicly elected Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

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, maintenance of Township road and bridges, zoning services, volunteer fire protection, volunteer emergency medical services, and cemetery maintenance. Police protection is provided by the Licking County Sheriff.

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.

Madison Township has no component units.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Township does not report assets for equity interest in joint ventures.

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. This organization is: Public Entity Risk Pool: Ohio Government Risk Management Plan (the "Plan"). The Plan provides property, casualty and liability coverage.

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

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements, in which case GASB prevails. Following are more of the Township's accounting policies.

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

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. The statements distinguish between those activities or the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service. The Township has no business-type activities.

The statement of net assets present 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 programs goods or services, grants and contributions restricted to meeting the operational or capital 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 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.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid 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. Nonmajor funds are aggregated and presented in a single column.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are divided into one category: governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds for 2008 and 2007 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and General Fire Fund. 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 Gasoline Tax Fund is used for the maintenance and upkeep of roads. The Road and Bridge Fund is used for the maintenance and up keep of roads. The General Fire Fund collects monies used for fire protection. The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

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. There were no modifications having substantial support.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities (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.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

All funds are legally required to be budgeted and appropriated (except certain agency funds). 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 ordinance is the Township's authorization to spend resources and set 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 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 in the original budget 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 certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance 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.

Cash and Investments

To improve cash management, cash received by the Township is deposited into a checking and savings account which earns 0.50 percent interest. In 2008 and 2007, interest credited to the General Fund was \$11,684 and \$21,674, respectively.

Restricted Assets

Cash and cash equivalents 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. Amounts restricted for other purposes represents special revenue funds restricted to a specific use.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Employer Contributions to Cost-Sharing Pension Plans

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

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 a other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

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. Net assets restricted for other purposes include gasoline tax receipts used for the upkeep of Township roads and bridges, real estate tax used for fire protection and cemetery operations, permissive tax used for upkeep of roads.

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.

Fund Balance Reserve

The Township may reserve any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The Township has reserve for encumbrances as of December 31, 2007 and none for 2008. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

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.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide statements, transfers within governmental activities are eliminated.

3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

Last audit period the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This audit period the Township has implemented the cash basis of accounting. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. There was no restatement of fund equity due to this change.

4. 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-Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The differences between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were outstanding encumbrances at year-end for 2007 in the amount of \$5,741 and none as of 2008, respectively.

5. DEPOSITS

Monies held by the Township are classified by State 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, including negotiable order of withdrawal (NOW) accounts.

Inactive deposits are public deposits that the Township has 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.

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:

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. DEPOSITS (Continued)

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 issuance 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 obligation 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 obligation 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.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution, to secure the repayment of all public monies deposited with the institution. Peoples Bancorp is the financial institution for Madison Township.

The Township did not have any undeposited cash on hand for 2008 and 2007.

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 the possession of an outside party. At year ended December 31, 2008, \$517,373 of the Township's bank balance of \$617,373 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. At year ended December 31, 2007, \$451,981 of the Township's bank balance of \$551,981 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
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. DEPOSITS (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.

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 Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio Governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

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

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

The Plans audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, the latest information available.

	<u>2007</u>	<u>2006</u>
Assets	\$ 11,136,455	\$ 9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Retained Earnings	<u>\$ 6,862,902</u>	<u>\$ 6,290,528</u>

You can read the complete audited financial statements for the Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN

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) 222-6705 or (800) 222-7377.

For the years ended December 31, 2008 and 2007, the members in the traditional plan, were required to contribute 10.0 and 9.5, percent, respectively, of their annual covered salaries. The Township's contribution rate for pension benefits for 2008 and 2007 was 14.00 percent and 13.85 percent, respectively. 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, 2008, 2007, and 2006 were \$27,395, \$22,818, and \$20,276, respectively. The full amount has been contributed for 2008, 2007 and 2006. Contributions to the member-directed plan for 2008 were \$27,395 made by the Township and \$16,179 made by the plan members.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (Continued)

Post Employment Benefits

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 recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit. 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 portion of employer contributions in 2008, for all employees, allocated to health care was 7.0%.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as 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 .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 percent and 4 percent annually for the next seven years and 4 percent annually after eight 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 363,503. Actual employer contributions for 2008 and 2007 which were used to fund postemployment benefits was \$13,697 and \$9,061, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17.0 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. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

8. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were 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. 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 circumstance, State statute permits alternate payment dates to be established.

Public utilities are also taxed on personal and real property located in the Township.

Tangible personal property tax is assessed by the property owners, who must be file a list of such property to the County by each April 30.

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

The full tax rate for all Township operations for the year ended December 31, 2008, was \$7.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	
Residential	\$ 49,646,470
Agriculture	5,922,960
Commercial/Industrial/Mineral	3,024,000
Public Utility Property	
Real	56,200
Personal	1,968,340
Tangible Personal Property	<u>338,100</u>
Total Assessed Value	<u><u>\$ 60,956,070</u></u>

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

9. DEBT

Long term debt of the Township, as of December 31, 2008 is as follows:

	Balance January 1 2007	Additions	Deductions	Balance December 31 2008	Amount Due Within One Year
Fire Truck Loan	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ -
Total	\$ 30,000	\$ -	\$ 30,000	\$ -	\$ -

The fire truck loan was paid off in 2007.

10. COMPLIANCE AND ACCOUNTABILITY

Contrary to ORC 5705.36, the Township's Gasoline Tax Fund in 2007 had appropriations greater than actual resources.

Contrary to ORC 5705.41(D), the Township had expenditures made prior to certification.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Madison Township
Licking County
3153 Beal Road SE
Newark, Ohio 43056

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Township, Licking County, Ohio, as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 1, 2009, wherein we noted the Township followed the cash basis of accounting, a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Madison Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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 a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings and responses as item 2008-01. We also noted other certain immaterial items of noncompliance that we have reported to management in a letter dated June 1, 2009.

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

This report is intended for the information of the Township's management, fiscal officer, and Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 1, 2009

**MADISON TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008**

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

FINDING NUMBER 2008-01

Ohio Revised Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of Fiscal Officer of the subdivision. The Fiscal Officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Prior certification was not obtained for 20.0% in 2008 and 29.0% in 2007 of the expenditures tested.

The Fiscal Officer should certify funds before each payment is made through the issuance of a regular, blanket, or super blanket purchase order. Blanket certificates should be issued for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of Trustees against any specific line item account over a period not running beyond the end of the current fiscal year. A super blanket purchase order can be completed for any amount for expenditures and contracts from a specific line item appropriation account in a specified fund for most recurring or reasonable predictable operating expenditures. This is not to extend beyond the current year. More than one super blanket may be outstanding at one particular time for a particular line item appropriation account.

Also, as an alternative, the Township can issue then and now certificates for expenses up to \$3,000. Then and now certificates allow the Fiscal Officer to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Fiscal Officer without subsequent authorization from the Trustees. However, then and now certificates issued by the Fiscal Officer over \$3,000, must be authorized by the Trustees within thirty days after payment.

Client Response: We agree with finding and will try to improve in the future.

**MADISON TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2008**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-MTLC-001	Incorrect posting of receipts	Yes	Finding No Longer Valid.



Mary Taylor, CPA
Auditor of State

MADISON TOWNSHIP

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 28, 2009**