



Dave Yost • Auditor of State

MADISON TOWNSHIP
SANDUSKY COUNTY

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Dave Yost • Auditor of State

Madison Township
Sandusky County
611 West Madison Street
Gibsonburg, Ohio 43431-1224

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 20, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Madison Township
Sandusky County
611 West Madison Street
Gibsonburg, Ohio 43431-1224

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Sandusky County, (the Township) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the

following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Madison Township, Sandusky County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2011 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

April 20, 2011

**MADISON TOWNSHIP
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$56,150	\$117,581	\$46,967		\$220,698
Intergovernmental	199,773	131,434	7,578	\$28,413	367,198
Earnings on Investments	321	461			782
Donations	16,667				16,667
Miscellaneous	1,567				1,567
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	274,478	249,476	54,545	28,413	606,912
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:					
Current:					
General Government	86,684	904			87,588
Public Safety	38,734				38,734
Public Works	7,916	147,145		28,413	183,474
Health		48,076			48,076
Capital Outlay	495				495
Debt Service:					
Redemption of Principal			34,340		34,340
Interest and Other Fiscal Charges			8,564		8,564
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	133,829	196,125	42,904	\$28,413	401,271
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	140,649	53,351	11,641		205,641
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Receipts:					
Other Financing Sources	3,477	6,000			9,477
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	144,126	59,351	11,641		215,118
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	42,405	341,600	68,869		452,874
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$186,531</u>	<u>\$400,951</u>	<u>\$80,510</u>		<u>\$667,992</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$4,787</u>	<u>\$2,474</u>			<u>\$7,261</u>

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

**MADISON TOWNSHIP
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Property and Other Local Taxes	\$53,020	\$105,173	\$43,144	\$201,337
Intergovernmental	57,898	127,733	7,280	192,911
Earnings on Investments	108	330		438
Total Cash Receipts	111,026	233,236	50,424	394,686
Cash Disbursements:				
Current:				
General Government	85,653	537		86,190
Public Safety	35,310			35,310
Public Works	8,283	126,749		135,032
Health		47,563		47,563
Capital Outlay	1,842			1,842
Debt Service:				
Redemption of Principal			32,845	32,845
Interest and Other Fiscal Charges			10,059	10,059
Total Cash Disbursements	131,088	174,849	42,904	348,841
Total Receipts Over/(Under) Disbursements	(20,062)	58,387	7,520	45,845
Other Financing Receipts:				
Other Financing Sources		212		212
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(20,062)	58,599	7,520	46,057
Fund Cash Balances, January 1	62,467	283,001	61,349	406,817
Fund Cash Balances, December 31	\$42,405	\$341,600	\$68,869	\$452,874
Reserve for Encumbrances, December 31	\$1,155	\$670		\$1,825

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

**MADISON TOWNSHIP
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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, Sandusky County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and fire protection services.

The Township participates in the Gibsonburg-Madison Township Volunteer Fire Department, a joint venture with the Village of Gibsonburg, the Gibsonburg Union Cemetery, a jointly governed organization, and the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Notes 7, 9, and 10 to the financial statements provide additional information for these entities.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. 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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant special revenue funds:

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

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

Cemetery Fund - This fund receives property tax money to be distributed to the Gibsonburg Union Cemetery.

**MADISON TOWNSHIP
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Debt Service Fund

This fund accounts for resources the Township accumulates to pay capital lease debt. The Township had the following significant debt service fund:

Miscellaneous Debt Service Fund – This fund receives property tax revenues to pay the Township's debt obligations.

4. Capital Project Fund

This fund accounts for receipts restricted for acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Issue II Fund – The Township received a grant from the Ohio Public Works Commission to repair a Township road.

D. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

E. 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.

**MADISON TOWNSHIP
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

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

	2010	2009
Demand deposits	\$667,992	\$452,874

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$125,848	\$277,955	\$152,107
Special Revenue	213,972	255,476	41,504
Debt Service	54,337	54,545	208
Capital Projects	28,413	28,413	
Total	\$422,570	\$616,389	\$193,819

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$167,650	\$138,616	\$29,034
Special Revenue	556,750	198,599	358,151
Debt Service	123,000	42,904	80,096
Capital Projects	28,413	28,413	
Total	\$875,813	\$408,532	\$467,281

**MADISON TOWNSHIP
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,545	\$111,026	\$3,481
Special Revenue	233,072	233,448	376
Debt Service	50,695	50,424	(271)
Total	\$391,312	\$394,898	\$3,586

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$162,700	\$132,243	\$30,457
Special Revenue	508,475	175,519	332,956
Debt Service	112,000	42,904	69,096
Total	\$783,175	\$350,666	\$432,509

4. 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.

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

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

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

5. Capital Leases

Capital Leases outstanding at December 31, 2010 were as follows:

	Principal	Interest Rate
Fire Truck Lease	\$138,200	4.49%
Fire Equipment Lease	15,524	4.49%
Total	\$153,724	

**MADISON TOWNSHIP
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

5. Capital Leases (continued)

On June 23, 2005 the Township entered into a \$317,414 lease-purchase agreement through Oshkosh Capital for the purchase of a fire truck. The Township has agreed to make annual payments of \$38,514 and the payments mature on July 28, 2014. The lease is collateralized by the fire truck.

On June 23, 2005 the Township entered into a \$32,586 lease-purchase agreement through Oshkosh Capital for the purchase of a 2006 pierce custom saber rear pumper. The Township has agreed to make annual payments of \$4,390 and the payments mature on July 28, 2014. The lease is collateralized by the fire equipment.

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

Year ending December 31:	Fire Truck	Fire Equipment
2011	\$38,514	\$4,390
2012	38,514	4,390
2013	38,514	4,390
2014	38,514	4,390
Total	\$154,056	\$17,560

6. Retirement System

The Township's employees 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 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% and of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. Risk Management (continued)

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 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, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$10,000.

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>2010</u>	<u>2009</u>	<u>2008</u>
\$9,495	\$7,946	\$9,250

**MADISON TOWNSHIP
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. Risk Management (continued)

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.

8. Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

9. Joint Venture

The Gibsonburg-Madison Township Volunteer Fire Department is managed by the Township and the Village of Gibsonburg. The Township pays all fire department bills and is reimbursed for half of the expenses by the Village of Gibsonburg. The Township received \$17,851 during 2010 and \$17,265 during 2009. The capital lease for a fire truck and for fire equipment is maintained by the Township.

10. Jointly Governed Organization

The Gibsonburg Union Cemetery is a jointly governed organization. Madison Township and the Village of Gibsonburg appoint members to sit on the Cemetery board. The Township is also responsible for levying and distributing tax revenues to the Cemetery. The Township distributed \$48,076 in 2010 and \$47,171 in 2009.

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Dave Yost • Auditor of State

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

Madison Township
Sandusky County
611 West Madison Street
Gibsonburg, Ohio 43431-1224

To the Board of Trustees:

We have audited the financial statements of Madison Township, Sandusky County, (the Township) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 20 2011, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 20, 2011.

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

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



Dave Yost
Auditor of State

April 20, 2011

**MADISON TOWNSHIP
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-001

Material Weakness

Financial Reporting

As a result of the audit procedures performed, an error was noted in the financial statements that required a material audit adjustment. For fiscal year 2010, intergovernmental revenue and capital outlay expenditures of \$28,413 in the Issue II fund were posted to the road and bridge fund, which resulted in an understatement of revenues and expenditures in the capital projects fund type and an overstatement of revenues and expenditures in the special revenue fund type.

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees, and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the Township's financial statements and notes to the statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the annual report by the Board of Trustees to identify and correct errors and misclassifications.

Officials' Response:

We acknowledge an error was made and will properly post these transactions in the future.

MADISON TOWNSHIP
SANDUSKY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Material Weakness over Financial Reporting	No	Not Corrected; Repeated as Finding Number 2010-001 in this report.



Dave Yost • Auditor of State

MADISON TOWNSHIP

SANDUSKY 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
MAY 10, 2011**