



**MADISON TOWNSHIP
WILLIAMS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MADISON TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Madison Township
Williams County
14605 County Road O
Pioneer, Ohio 43554-9737

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Williams County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 29, 2000

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**MADISON TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$9,157	\$46,440		\$55,597
Intergovernmental	44,865	73,854		118,719
Earnings on Investments	1,417	244		1,661
Other Revenue	104	10,598		10,702
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	55,543	131,136		186,679
Cash Disbursements:				
Current:				
General Government	19,165			19,165
Public Safety	15,917	16,438		32,355
Public Works	4,564	94,511		99,075
Health	3,670			3,670
Human Services		7,319		7,319
Capital Outlay		20,447		20,447
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	43,316	138,715		182,031
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	12,227	(7,579)		4,648
Other Financing Receipts:				
Other Sources	2,234			2,234
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	14,461	(7,579)		6,882
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	16,661	36,942	\$60	53,663
Fund Cash Balances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$31,122	\$29,363	\$60	\$60,545

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

**MADISON TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$8,917	\$46,439		\$55,356
Intergovernmental	26,879	61,760		88,639
Earnings on Investments	1,520	314		1,834
Other Revenue		3,575		3,575
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	37,316	112,088		149,404
Cash Disbursements:				
Current:				
General Government	19,988			19,988
Public Safety	14,592	13,505		28,097
Public Works	2,413	79,295		81,708
Health	3,647			3,647
Human Services		3,558		3,558
Debt Service:				
Redemption of Principal		11,075		11,075
Interest and Fiscal Charges		1,000		1,000
Capital Outlay	22,830			22,830
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	63,470	108,433		171,903
Total Receipts Over/(Under) Disbursements	(26,154)	3,655		(22,499)
Other Financing Receipts:				
Other Sources	4,472			4,472
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(21,682)	3,655		(18,027)
Fund Cash Balances, January 1	38,343	33,287	60	71,690
Fund Cash Balances, December 31	<u>\$16,661</u>	<u>\$36,942</u>	<u>\$60</u>	<u>\$53,663</u>

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

**MADISON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Madison Township, Williams County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, and fire protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

MADISON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

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.

Special Levy Fire Fund - This fund receives property taxes to pay for fire protection for the citizens of the Township.

3. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Cemetery Fund - This fund consists of bequests which are used to maintain the Township cemetery.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**MADISON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$55,545	\$48,663
Certificates of deposit	5,000	5,000
Total deposits	<u>\$60,545</u>	<u>\$53,663</u>

Deposits are insured by the Federal Depository Insurance Corporation.

From September 15, 1999 through December 22, 1999, the Township had deposits ranging from \$2,312 to \$25,370 that were uninsured or uncollateralized.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$20,385	\$57,777	\$37,392
Special Revenue	107,646	131,136	23,490
Fiduciary			
Total	<u>\$128,031</u>	<u>\$188,913</u>	<u>\$60,882</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$53,728	\$43,316	\$10,412
Special Revenue	140,932	138,715	2,217
Fiduciary	60		60
Total	<u>\$194,720</u>	<u>\$182,031</u>	<u>\$12,689</u>

**MADISON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,983	\$41,788	\$1,805
Special Revenue	102,080	112,088	10,008
Fiduciary			
Total	<u>\$142,063</u>	<u>\$153,876</u>	<u>\$11,813</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,326	\$63,470	\$9,856
Special Revenue	135,366	108,433	26,933
Fiduciary	60		60
Total	<u>\$208,752</u>	<u>\$171,903</u>	<u>\$36,849</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55%

**MADISON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township is a member of the Ohio Government Risk Plan (the Plan). The Plan assumes the risk of loss up to the limits of the Township's policy. The following risks are covered by the Plan:

- Comprehensive property and general liability
- Vehicles
- Public officials' liability

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Madison Township
Williams County
14605 County Road O
Pioneer, Ohio 43554-9737

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Williams County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 29, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-40186-001 and 1999-40186-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 29, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 29, 2000.

This report is intended for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

June 29, 2000

**MADISON TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-40186-001

Finding for Recovery

The Fire Chief of Madison Township, Rodney Baker, was permitted to expend his personal funds for fire equipment and maintenance of equipment. Twice a year, the Fire Chief was to submit documentation of his expenditures to the Township Clerk for reimbursement. We found the following instances where the Fire Chief had been reimbursed twice for the same expenditures:

Description of Overpayment	Amount of Overpayment
June 28, 1999 reimbursed from a packing slip and an invoice for the same purchase of equipment.	\$436
Two invoices (\$235 and \$31) submitted and reimbursed in December 1998 were also submitted and reimbursed on June 28, 1999.	256
Gasoline purchases for the period July 1, 1998 through October 1998 submitted and reimbursed twice on December 1, 1998.	52
Gasoline purchased for the period July through August 1999 submitted and reimbursed twice on December 31, 1999.	75
Total overpayments to Rodney Baker, Fire Chief	\$819

In addition, on February 22, 1999, the Township reimbursed Rodney Baker, \$1,370 for 2 radios purchased from Ferrall Electric; however, Mr. Baker did not provide an invoice to support this purchase. On June 14, 2000, Ferrall Electric confirmed to us that no such radios had been purchased by Mr. Baker in 1998 or 1999.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Rodney Baker, Fire Chief in favor of the Madison Township treasury, in the amount of two thousand one hundred and eighty-nine dollars (\$2,189), in favor of the Fire District Fund.

Mr. Baker reimbursed the Township \$2,189, on June 29, 2000.

FINDING NUMBER 1999-40186-002

Noncompliance Citation

Ohio Revised Code § 135.18 states the treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

From September 15, 1999 through December 22, 1999 the Township deposits exceeded depository insurance in amounts ranging from \$2,312 to \$25,370, for which the bank had not provided additional collateral to secure these deposits.

It is recommended that the Township monitor depository insurance and pledged collateral to ensure they are sufficient to protect the funds on deposit.



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MADISON TOWNSHIP

WILLIAMS 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
AUGUST 1, 2000**