



**MADISON TOWNSHIP
HIGHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MADISON TOWNSHIP
HIGHLAND COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund and Fiduciary Fund Types – For the Year Ended December 31, 1999	4
Notes to the Financial Statements	5
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13

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INDEPENDENT ACCOUNTANTS' REPORT

Madison Township
Highland County
11255 State Route 753S
Greenfield, Ohio 45123

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Highland County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. 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 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 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 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, 2000 and 1999, 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 April 30, 2001, 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. 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.

This report is intended solely for the information and use of 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.

Jim Petro
Auditor of State

April 30, 2001

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**MADISON TOWNSHIP
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$24,540	\$51,566	\$0	\$76,106
Licenses, Permits, and Fees	1,245	0	0	1,245
Intergovernmental	63,960	75,459	405,379	544,798
Interest	6,351	2,830	0	9,181
Other Revenue	35,171	8,038	0	43,209
	<u>131,267</u>	<u>137,893</u>	<u>405,379</u>	<u>674,539</u>
Total Cash Receipts				
	<u>131,267</u>	<u>137,893</u>	<u>405,379</u>	<u>674,539</u>
Cash Disbursements:				
Current:				
General Government	58,943	441	0	59,384
Public Safety	500	15,198	0	15,698
Public Works	75	69,533	0	69,608
Health	5,945	0	0	5,945
Capital Outlay	1,619	60,651	405,379	467,649
	<u>67,082</u>	<u>145,823</u>	<u>405,379</u>	<u>618,284</u>
Total Cash Disbursements				
	<u>67,082</u>	<u>145,823</u>	<u>405,379</u>	<u>618,284</u>
Total Receipts Over/(Under) Disbursements	<u>64,185</u>	<u>(7,930)</u>	<u>0</u>	<u>56,255</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	62,000	0	62,000
Other Uses	0	0	0	0
Transfers-Out	(62,000)	0	0	(62,000)
	<u>(62,000)</u>	<u>62,000</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(62,000)</u>	<u>62,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>2,185</u>	<u>54,070</u>	<u>0</u>	<u>56,255</u>
Fund Cash Balances, January 1	<u>90,933</u>	<u>126,899</u>	<u>0</u>	<u>217,832</u>
Fund Cash Balances, December 31	<u>\$93,118</u>	<u>\$180,969</u>	<u>\$0</u>	<u>\$274,087</u>

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

**MADISON TOWNSHIP
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL 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>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$25,435	\$50,979	\$0	\$0	\$76,414
Licenses, Permits, and Fees	1,350	0	0	0	1,350
Intergovernmental	111,930	73,530	7,387	0	192,847
Interest	4,759	2,547	0	0	7,306
Other Revenue	1,487	4,363	0	250	6,100
Total Cash Receipts	<u>144,961</u>	<u>131,419</u>	<u>7,387</u>	<u>250</u>	<u>284,017</u>
Cash Disbursements:					
Current:					
General Government	67,184	957	0	0	68,141
Public Safety	500	13,906	0	0	14,406
Public Works	24,291	53,542	0	200	78,033
Health	987	0	0	0	987
Capital Outlay	18,895	64,832	7,387	0	91,114
Total Cash Disbursements	<u>111,857</u>	<u>133,237</u>	<u>7,387</u>	<u>200</u>	<u>252,881</u>
Total Receipts Over/(Under) Disbursements	<u>33,104</u>	<u>(1,818)</u>	<u>0</u>	<u>50</u>	<u>31,336</u>
Other Financing Receipts/(Disbursements):					
Other Uses	0	0	0	(200)	(200)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(200)</u>	<u>(200)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>33,104</u>	<u>(1,818)</u>	<u>0</u>	<u>(150)</u>	<u>31,136</u>
Fund Cash Balances, January 1	<u>57,829</u>	<u>128,717</u>	<u>0</u>	<u>150</u>	<u>186,696</u>
Fund Cash Balances, December 31	<u><u>\$90,933</u></u>	<u><u>\$126,899</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$217,832</u></u>

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

**MADISON TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Madison Township, Highland County, Ohio (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, and 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 Deposits

The Township deposits all available funds in a "NOW" checking account, certificate of deposit and savings account with a commercial bank.

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:

Motor Vehicle License Tax Fund - This fund receives motor vehicle tax money for constructing, maintaining and repairing Township roads.

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

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

**MADISON TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire Levy Fund - This fund receives property tax money for the fire protection contract with the City of Greenfield.

Permissive Motor Vehicle License Tax Fund - This fund receives proceeds from taxes levied on all motor vehicle license sold in the Township for road maintenance and repairs.

HUD Rehab Repayments Fund - This fund receives loan payments from a housing rehab project.

ODNR Fund - This fund receives proceeds from the State for the construction of a bike/walk path for the community. These funds were budgeted for, but nothing was received from the State during our audit period.

3. Capital Project Fund

The Capital Project Funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following Capital Project Fund:

Community Development Block Grant Fund - This fund was used to account for grant monies paid by Highland County on the Township's behalf for the construction of a new road during 1999.

4. Agency Fund

Street Deposits Fund - This fund receives proceeds for street opening permits which are held pending satisfactory restoration of the street. These funds were expended during 1999 and the fund was left at a zero balance.

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.

**MADISON TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. There were no outstanding encumbrances outstanding at December 31, 2000 and 1999.

A summary of 2000 and 1999 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.

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$260,801	\$157,363
Savings account	13,286	10,469
Certificates of deposit	<u>0</u>	<u>50,000</u>
 Total Deposits	 <u>\$274,087</u>	 <u>\$217,832</u>

Deposits: Deposits up to \$100,000 are insured are by the Federal Depository Insurance Corporation; however, the Township had deposits in excess of \$100,000 which additional collateral was obtained.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999, follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,077	\$131,267	\$78,190
Special Revenue	146,160	199,893	53,733
Capital Projects	399,986	405,379	5,393
Agency	<u>750</u>	<u>0</u>	<u>(750)</u>
Total	<u>\$599,973</u>	<u>\$736,539</u>	<u>\$136,566</u>

**MADISON TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$89,289	\$129,082	(\$39,793)
Special Revenue	233,194	145,823	87,371
Capital Projects	399,986	405,379	(5,393)
Agency	750	0	750
Total	<u>\$723,219</u>	<u>\$680,284</u>	<u>\$42,935</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$102,408	\$144,961	\$42,553
Special Revenue	124,210	131,419	7,209
Capital Projects	21,004	7,387	(13,617)
Agency	750	250	(500)
Total	<u>\$248,372</u>	<u>\$284,017</u>	<u>\$35,645</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$113,058	\$111,857	\$1,201
Special Revenue	205,903	133,237	72,666
Capital Projects	0	7,387	(7,387)
Agency	950	400	550
Total	<u>\$319,911</u>	<u>\$252,881</u>	<u>\$67,030</u>

Capital Project Fund expenditures exceeded the appropriation authority because the Township recorded for financial reporting purposes only, expenditures for payment made by Highland County directly to a contractor on behalf of the Township. The Township did not formally establish a fund as required by Section 5705.09(F), Revised Code, and therefore did not establish the required budgetary authority. During FY 2000, appropriations exceeded disbursements in the General Fund, Gasoline Tax Fund, the Permissive Motor Vehicle Fund, and the Community Development Block Grant Fund. During FY 1999, appropriations exceeded disbursements in the Gasoline Tax Fund and the Ohio Public Works Commission Fund.

**MADISON TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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 officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plans provide retirement benefits, including post-retirement 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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% in 1999 and 10.84% in 2000 of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained from the Ohio Township Association Risk Management Authority for the following risks:

- Comprehensive property
- General Liability
- Wrongful Acts

The Township also provides group health insurance to officials through private carriers.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Madison Township
Highland County
11255 State Route 753S
Greenfield, Ohio 45123

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Highland County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 30, 2001. We conducted our audit 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 audit 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 2000-40436-001 and 2000-40436-002. We also noted a certain immaterial instance of non-compliance that we have reported to management of the Township in a separate letter dated April 30, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 April 30, 2001.

Madison Township
Highland County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

April 30, 2001

**MADISON TOWNSHIP
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-40436-001

Noncompliance Citation

Ohio Rev. Code, Section 5705.09(F), requires the Township to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. Upon establishing a fund, estimated receipts should be certified to the County Auditor as available for expenditure and anticipated expenditures should be included in the Township appropriations. Highland County made payments of Community Development Block Grant monies to a contractor on behalf of the Township. The Township did not formally establish the required fund to account for these monies. Guidance on the accounting treatment for these types of transactions is set forth in Auditor of State Bulletin 2000-008.

FINDING NUMBER 2000-40436-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated. During 2000, disbursements exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriation</u>	<u>Disbursements</u>	<u>Variance</u>
General Fund	\$4,000	\$6,910	\$39,739
Gasoline Tax Fund	68,363	71,087	10,009
Permissive Motor Vehicle Fund	31,379	58,478	27,099
Community Development Block Grant Fund	0	35,000	35,000

During 1999, disbursements exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriation</u>	<u>Disbursements</u>	<u>Variance</u>
Gasoline Tax Fund	\$68,363	\$71,087	\$2,724
Ohio Public Works Commission Fund	0	7,387	7,387



STATE OF OHIO
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MADISON TOWNSHIP

HIGHLAND 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
JUNE 5, 2001**