



**Auditor of State  
Betty Montgomery**



**MAD RIVER TOWNSHIP  
CHAMPAIGN COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Mad River Township  
Champaign County  
7236 Nettle Creek Road  
St. Paris, Ohio 43072

To the Board of Trustees:

We have audited the accompanying financial statements of Mad River Township, Champaign County, (the Township), as of and for the years ended December 31, 2002 and 2001. 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 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, 2002 and 2001, 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 11, 2003, 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.

Mad River Township  
Champaign County  
Independent Accountants' Report  
Page 2

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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 11, 2003

**MAD RIVER TOWNSHIP  
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$37,164	\$138,062	\$175,226
Intergovernmental	58,443	80,367	138,810
Special Assessments		1,823	1,823
Licenses, Permits, and Fees	4,857	11,584	16,441
Earnings on Investments	3,528	1,215	4,743
	<u>103,992</u>	<u>233,051</u>	<u>337,043</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	58,855		58,855
Public Safety		53,984	53,984
Public Works		103,010	103,010
Health	11,490	12,972	24,462
Debt Service	30,882		30,882
Capital Outlay	3,194	79,450	82,644
	<u>104,421</u>	<u>249,416</u>	<u>353,837</u>
<b>Total Cash Disbursements</b>			
Total Receipts (Under) Disbursements	<u>(429)</u>	<u>(16,365)</u>	<u>(16,794)</u>
<b>Other Financing Receipts:</b>			
Other Sources		3,300	3,300
		<u>3,300</u>	<u>3,300</u>
<b>Total Other Financing Receipts</b>			
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(429)	(13,065)	(13,494)
Fund Cash Balances, January 1	<u>127,987</u>	<u>325,507</u>	<u>453,494</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$127,558</u></u></b>	<b><u><u>\$312,442</u></u></b>	<b><u><u>\$440,000</u></u></b>

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

MAD RIVER TOWNSHIP  
CHAMPAIGN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Fiduciary Fund Types</u>
	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Interest	<u>\$637</u>
Total Operating Cash Receipts	<u>637</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	<u>790</u>
Total Operating Cash Disbursements	<u>790</u>
Net Receipts (Under) Disbursements	(153)
Fund Cash Balance, January 1	<u>21,819</u>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$21,666</u></u></b>

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



**MAD RIVER TOWNSHIP  
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$33,017	\$132,329	\$165,346
Intergovernmental	45,953	79,178	125,131
Special Assessments		1,887	1,887
Licenses, Permits, and Fees	15,776	12,309	28,085
Earnings on Investments	6,576	2,133	8,709
	<u>101,322</u>	<u>227,836</u>	<u>329,158</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	65,703		65,703
Public Safety		53,964	53,964
Public Works		89,667	89,667
Health	11,001	22,649	33,650
Debt Service	30,000	5,487	35,487
Capital Outlay	2,523	14,822	17,345
	<u>109,227</u>	<u>186,589</u>	<u>295,816</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>(7,905)</u>	<u>41,247</u>	<u>33,342</u>
<b>Other Financing Receipts:</b>			
Other Sources		27,250	27,250
		<u>27,250</u>	<u>27,250</u>
<b>Total Other Financing Receipts</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(7,905)	68,497	60,592
Fund Cash Balances, January 1	<u>135,892</u>	<u>257,010</u>	<u>392,902</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$127,987</u></b>	<b><u>\$325,507</u></b>	<b><u>\$453,494</u></b>

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

MAD RIVER TOWNSHIP  
CHAMPAIGN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Fiduciary Fund Types</u>
	<u>Nonexpendable Trust</u>
<b>Operating Cash Receipts:</b>	
Interest	\$718
Gifts	2,000
	<hr/>
Total Operating Cash Receipts	2,718
	<hr/>
<b>Operating Cash Disbursements:</b>	
Personal Services	457
	<hr/>
Total Operating Cash Disbursements	457
	<hr/>
Net Receipts Over Disbursements	2,261
Fund Cash Balance, January 1	19,558
	<hr/>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$21,819</u></u></b>

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

**MAD RIVER TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Mad River Township, Champaign 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the JSP Fire District, German Township and Urbana Township to provide fire services and Johnson – St. Paris Emergency Medical Service to provide ambulance services.

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.

**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:

**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.

**MAD RIVER TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Fiduciary Fund (Trust Fund)**

This fund is 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 fiduciary fund:

**Cemetery Bequest Fund** – This is a non-expendable trust fund in which amounts are donated for upkeep of grave sites as specified by the donor.

**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 or function 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 carried over, and need not be reappropriated.

A summary of 2002 and 2001 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.

**MAD RIVER TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**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:

	2002	2001
Demand deposits	\$418,066	\$431,713
Certificates of deposit	43,600	43,600
Total deposits	461,666	475,313

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

**2002 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$89,215	\$103,992	\$14,777
Special Revenue	\$227,000	\$236,351	9,351
Fiduciary	700	637	(63)
Total	\$316,915	\$340,980	\$24,065

**2002 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$149,500	\$104,421	\$45,079
Special Revenue	386,000	249,416	136,584
Fiduciary	1,000	790	210
Total	\$536,500	\$354,627	\$181,873

**2001 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$84,215	\$101,322	\$17,107
Special Revenue	230,350	255,086	24,736
Fiduciary	700	2,718	2,018
Total	\$315,265	\$359,126	\$43,861

**MAD RIVER TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$145,000	\$109,227	\$35,773
Special Revenue	369,800	186,589	183,211
Fiduciary	1,000	457	543
Total	\$515,800	\$296,273	\$219,527

**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.

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 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

**6. RISK MANAGEMENT**

**Risk Pool Membership**

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**MAD RIVER TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

**Casualty Coverage**

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**Property Coverage**

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do 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 report the following assets, liabilities and retained earnings at December 31 (the latest information available):

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

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**Auditor of State  
Betty Montgomery**

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

Mad River Township  
Champaign County  
7236 Nettle Creek Road  
St. Paris, Ohio 43072

To the Board of Trustees:

We have audited the accompanying financial statements of Mad River Township, Champaign County, (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 11, 2003. 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.

**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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, 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 April 11, 2003.

Mad River Township  
Champaign County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 11, 2003

**MAD RIVER TOWNSHIP  
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2000-40311-001	Ohio Rev. Code Section 5705.41(D) – no certification completed.	Yes	N/A





**Auditor of State  
Betty Montgomery**

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**MAD RIVER TOWNSHIP**

**CHAMPAIGN 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 20, 2003**