



**Auditor of State
Betty Montgomery**

MADISON TOWNSHIP
FRANKLIN 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, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Madison Township
Franklin County
4575 Madison Lane
Groveport, Ohio 43125

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 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 and reserves for encumbrances of Madison Township, Franklin County, Ohio, as of December 31, 2002, and December 31, 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 18, 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.

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 18, 2003

**MADISON TOWNSHIP
FRANKLIN 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$236,600	\$5,873,959	\$118,091	\$6,228,650
Intergovernmental	614,074	944,115	0	1,558,189
Special Assessments	0	75,732	0	75,732
Charges for Services	0	19,461	0	19,461
Licenses, Permits, and Fees	38,903	0	0	38,903
Fines, Forfeitures, and Penalties	35,253	895	0	36,148
Earnings on Investments	18,206	541	0	18,747
Other Revenue	68,389	47,555	0	115,944
	<u>1,011,425</u>	<u>6,962,258</u>	<u>118,091</u>	<u>8,091,774</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	548,654			548,654
Public Safety	74	5,930,519	0	5,930,593
Public Works	343,210	311,134	0	654,344
Health	42,557	0	0	42,557
Human Services	91,643	0	0	91,643
Debt Service:				
Redemption of Principal	0	0	115,000	115,000
Interest and Fiscal Charges	0	0	3,091	3,091
Capital Outlay	89,649	645,189	0	734,838
	<u>1,115,787</u>	<u>6,886,842</u>	<u>118,091</u>	<u>8,120,720</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	(104,362)	75,416	0	(28,946)
Fund Cash Balances, January 1	360,764	370,261	0	731,025
Fund Cash Balances, December 31	<u>\$256,402</u>	<u>\$445,677</u>	<u>\$0</u>	<u>\$702,079</u>
Reserve for Encumbrances, December 31	<u>\$15,742</u>	<u>\$21,784</u>	<u>\$0</u>	<u>\$37,526</u>

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

**MADISON TOWNSHIP
FRANKLIN 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$213,289	\$5,471,624	\$124,272	\$5,809,185
Intergovernmental	690,657	545,984	0	1,236,641
Special Assessments	0	74,675	0	74,675
Licenses, Permits, and Fees	47,075	0	0	47,075
Fines, Forfeitures, and Penalties	33,389	912	0	34,301
Earnings on Investments	43,343	1,504	0	44,847
Other Revenue	38,892	348,607	0	387,499
	<u>1,066,645</u>	<u>6,443,306</u>	<u>124,272</u>	<u>7,634,223</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	516,612	0	0	516,612
Public Safety	7,249	5,884,370	0	5,891,619
Public Works	386,120	198,457	0	584,577
Health	43,140	0	0	43,140
Human Services	112,137	0	0	112,137
Debt Service:				
Redemption of Principal	0	0	115,000	115,000
Interest and Fiscal Charges	0	0	9,272	9,272
Capital Outlay	91,266	496,771	0	588,037
	<u>1,156,524</u>	<u>6,579,598</u>	<u>124,272</u>	<u>7,860,394</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	(89,879)	(136,292)	0	(226,171)
Fund Cash Balances, January 1	450,643	506,553	0	957,196
Fund Cash Balances, December 31	<u>\$360,764</u>	<u>\$370,261</u>	<u>\$0</u>	<u>\$731,025</u>
Reserve for Encumbrances, December 31	<u>\$92,372</u>	<u>\$26,736</u>	<u>\$0</u>	<u>\$119,108</u>

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

**MADISON TOWNSHIP
FRANKLIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Madison Township, Franklin 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 and safety protection and emergency medical 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

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.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Repurchase agreements 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.

**MADISON TOWNSHIP
FRANKLIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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:

Fire District Fund – This fund receives money from voted outside millage for fire services and related functions.

Police District Fund – This fund receives money from voted outside millage for police services and related functions.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of general obligation notes.

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 and 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**MADISON TOWNSHIP
FRANKLIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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	(\$156,533)	(\$195,119)
Total deposits	(156,533)	(195,119)
STAR Ohio	481,583	646,129
Repurchase agreement	377,029	280,015
Total investments	858,612	926,144
Total deposits and investments	\$702,079	\$731,025

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

Investments: The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,009,929	\$1,011,425	\$1,496
Special Revenue	6,961,558	6,962,258	700
Debt Service	118,091	118,091	0
Total	\$8,089,578	\$8,091,774	\$2,196

**MADISON TOWNSHIP
FRANKLIN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,205,806	\$1,131,529	\$74,277
Special Revenue	6,707,186	6,908,626	(201,440)
Debt Service	118,091	118,091	0
Total	\$8,031,083	\$8,158,246	(\$127,163)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,020,029	\$1,066,645	\$46,616
Special Revenue	6,393,633	6,443,306	49,673
Debt Service	124,272	124,272	0
Total	\$7,537,934	\$7,634,223	\$96,289

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,407,837	\$1,248,896	\$158,941
Special Revenue	6,871,513	6,606,334	265,179
Debt Service	124,272	124,272	0
Total	\$8,403,622	\$7,979,502	\$424,120

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Road and Bridge, Lighting Assessment, Police District, Fire District, Issue II and Township Motor Vehicle License Tax Funds in 2002 and the General and Fire District Funds in 2001.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, 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.

**MADISON TOWNSHIP
FRANKLIN COUNTY**

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

5. DEBT

Lease/Purchase agreements outstanding at December 31, 2002 were as follows:

	Principal	Interest Rate
Lease/Purchase - Fire Station	\$212,851	5.98%
Lease/Purchase - Community Center	235,868	5.89%
Lease/Purchase - Equipment	22,270	5.72%
Lease/Purchase - Fire Truck	204,744	3.45%
Total	\$675,733	

The Township entered into a lease/purchase agreement with Koch Financial Corporation for the construction of the Community Center on February 12, 1996. The payments for this lease/purchase agreement are made out of capital outlay in the General Fund.

The Township entered into a lease/purchase agreement with LaSalle National Bank for the construction of Fire Station 182 on March 15, 1996. The payments for this lease/purchase agreement are made out of capital outlay in the Fire Fund.

The Township entered into a lease/purchase agreement with American Financial Network, Inc. for the purchase of equipment for the Road Department on February 25, 1998. The payments for this lease/purchase agreement are made out of capital outlay in the Road Fund.

The Township entered into a lease/purchase agreement with American Financial Network, Inc. for the purchase of a fire truck on December 14, 2001. The payments for this lease/purchase agreement are made out of capital outlay in the Fire Fund.

In 2002, the Township retired the Township Facilities Notes issued in 1994.

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

	Lease/Purchase Fire Station	Lease/Purchase Community Center	Lease/Purchase Equipment	Lease/Purchase Fire Truck
Year ending				
December 31:				
2003	\$114,664	\$86,142	\$23,544	\$73,010
2004	117,759	88,340	0	73,010
2005	0	90,539	0	73,010
Total	\$232,423	\$265,021	\$23,544	\$219,030

**MADISON TOWNSHIP
FRANKLIN COUNTY**

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

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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, members of OP&F contributed 7% of their wages to OP&F. The Township picked up the remaining 3% of the employee portion and contributed an amount equal to 24% of their wages to OP&F. For law enforcement officers, the Township picked up the 9% employee contribution to PERS and contributed an amount equal to 16.7% of their wages to PERS. For road department and administrative employees, the Township picked up the 8.5% employee contribution to PERS and contributed an amount equal to 13.55% of their wages to PERS. Elected officials contributed 8.5% of their gross salaries to PERS. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

7. SOCIAL SECURITY

The Township's part-time Fire Fighters belong to the Social Security Administration and pay FICA taxes.

FICA contribution rates are approved by the United States Congress. Members of FICA contributed 6.2% of their wages to FICA. The Township also contributed an amount equal to 6.2% of their wages. The Township has paid all contributions required through December 31, 2002.

8. 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.

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.

**MADISON TOWNSHIP
FRANKLIN COUNTY**

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

8. RISK MANAGEMENT (Continued)

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, which is the latest information available, (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31:

<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**

Madison Township
Franklin County
4575 Madison Lane
Groveport, Ohio 43125

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated April 18, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-40625-001 and 2002-40625-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 18, 2003.

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 a matter involving the internal control over financial reporting that does not require inclusion in this report that we have reported to management of the Township in a separate letter dated April 18, 2003.

Madison Township
Franklin 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 18, 2003

**MADISON TOWNSHIP
FRANKLIN COUNTY**

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

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

Finding Number 2002-40625-001

Ohio Rev. Code Section 5705.41 (B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures plus encumbrances exceeded appropriations at the legal level of control in the following funds at year-end:

2002:

Fund-Function-Object		Appropriations	Expenditures	Variance
General Fund				
01-A-02A	Salaries	\$143,000	\$146,225	(\$3,225)
01-A-12	PERS	\$43,292	\$64,757	(\$21,465)
01-A-17A	Auditor's Fees- Internal	\$13,344	\$17,021	(\$3,677)
01-M-04A	Other Expenses- Issue II	\$0	\$4,574	(\$4,574)
Special Revenue - Road & Bridge				
04-A-02A	PERS	\$46,500	\$55,663	(\$9,163)
04-A-10B	Insurance- Employee Benefit	\$57,750	\$58,640	(\$890)
Special Revenue - Lighting Assessment				
07-A-01	Contracts-Lighting	\$81,000	\$81,302	(\$302)
Special Revenue - Police District				
09-A-01	Salaries-Police	\$918,900	\$931,654	(\$12,754)
09-A-01A	Salaries- Civilian	\$87,300	\$87,739	(\$439)
09-A-08B	Supplies- Vehicle Fuel	\$24,500	\$24,583	(\$83)
09-A-12	Insurance-Operational	\$19,000	\$19,145	(\$145)
09-A-12B	Insurance-Medicare	\$12,000	\$12,987	(\$987)
Special Revenue - Fire District				
10-A-01	Salaries- Fire Personnel	\$2,741,900	\$2,759,345	(\$17,445)
10-A-04	Pension	\$630,000	\$686,940	(\$56,940)
10-A-10A	Repairs- Vehicle	\$55,000	\$56,000	(\$1,000)
10-A-14A	Insurance- Employee Benefit	\$357,500	\$410,802	(\$53,302)
10-A-14B	Insurance-Medicare	\$27,000	\$28,416	(\$1,416)
Special Revenue - Issue II				
14-A-07	Contracts - Issue II	\$50,000	\$287,726	(\$237,726)
Special Revenue - Township Motor Vehicle License Tax				
23-A-01	Salaries-Misc Road	\$75,000	\$75,138	(\$138)

**MADISON TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Noncompliance Citations (Continued)

Finding Number 2002-40625-001 (Continued)

2001:

Fund-Function-Object		Appropriations	Expenditures	Variance
General				
01-A-03A	Travel & Other Expenses	\$2,000	\$3,180	(\$1,180)
01-A-04	Supplies-Administration	\$12,500	\$12,588	(\$88)
01-A-17	Auditor's & Treasurer's Fees	\$69,245	\$69,329	(\$84)
Special Revenue - Fire District				
10-A-09C	Supplies-EMS	\$20,000	\$20,945	(\$945)
10-A-10	Repairs	\$26,000	\$26,207	(\$207)
10-A-14B	Insurance- Medicare	\$25,917	\$26,023	(\$106)

We recommend the Clerk prepare appropriation amendments before expenditures occur to prevent expenditures from exceeding appropriations. All amendments to appropriations should be reviewed and approved by the Board via resolution.

This matter was also communicated in the 1999-2000 management letter.

Finding Number 2002-40625-002

Ohio Rev. Code Section 5705.41 (D) states no order or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Clerk may also issue Then and Now Certificates for obligations made prior to certification. Then and Now Certificates allow the Clerk to certify that both at the time that the contract or order was made and at the time the certification is completed, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance. For obligations less than \$1,000, the certificates can be certified by the Clerk without subsequent approval from the Board. However, Then and Now Certificates in excess of \$1,000 must be approved by resolution or ordinance of the Board within 30 days after receiving such certificate. As of April 7, 2003, the threshold for Then and Now Certificates that require Board approval is \$3,000.

Thirty-seven percent of the expenditures tested were not certified at the time of the obligation. Then and Now Certificates were not issued for the transactions that were not certified.

We recommend the Clerk ensure funds are certified as available prior to the obligation through the issuance of a purchase order containing appropriate certification, or so-called blanket or super blanket certificates as further permitted by Section 5705.41(D). A blanket certificate can be issued for one line item appropriation, not to exceed three months or \$5,000. The blanket certificates must be canceled at the end of each fiscal year. A super blanket purchase order can be issued for any amount and any time period, not to exceed the fiscal year, and may be used for recurring and reasonably predictable operating expenses. More than one super blanket certificate can be outstanding for an appropriation line item.

This matter was also communicated in the 1999-2000 management letter.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

MADISON TOWNSHIP

FRANKLIN 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 12, 2003**