

MADISON TOWNSHIP

AUDIT REPORT

JANUARY 1, 2005 – DECEMBER 31, 2006

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Mary Taylor, CPA

Auditor of State

Board of Trustees
Madison Township
1975 Mollie's Rock Road
Dresden, Ohio 43821

We have reviewed the *Independent Auditors' Report* of Madison Township, Muskingum County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Madison Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 19, 2007

This Page is Intentionally Left Blank.

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditors' Report	1-2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types and Similar Fiduciary Fund Types – For the Year Ended December 31, 2006	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Fiduciary Fund Types – For the Year Ended December 31, 2006	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types and Similar Fiduciary Fund Types– For the Year Ended December 31, 2005	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Fiduciary Fund Types – For the Year Ended December 31, 2005	6
Notes to Financial Statements	7
Independent Auditors' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	14-15

WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Madison Township
Muskingum County
1975 Mollie's Rock Road
Dresden, Ohio 43821

We have audited the accompanying financial statements of Madison Township, Muskingum County as of and for the years ended December 31, 2006 and 2005. 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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Madison Township's combined funds as of December 31, 2006 and 2005, and their changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Madison Township, Muskingum County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also require the Township to include Management's Discussion and Analysis for the year ended December 31, 2006 and 2005. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2007, on our consideration of Madison Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 20, 2007

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES-
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Fund Types			Fiduciary	(Memorandum
	General	Special Revenue	Debt Service	Fund Type Permanent	Only) Total
CASH RECEIPTS:					
Local taxes	\$ 33,851	\$ 23,628	\$ -	\$ -	\$ 57,479
Licenses, permits, and fees	-	800	-	-	800
Intergovernmental	31,543	86,187	-	-	117,730
Earnings on investments	2,296	1,893	-	-	4,189
Miscellaneous	607	-	-	-	607
TOTAL CASH RECEIPTS	68,297	112,508	-	-	180,805
CASH DISBURSEMENTS:					
Current:					
General government	35,224	11,741	-	-	46,965
Public work activities	-	88,487	-	-	88,487
Public health services	1,810	-	-	-	1,810
Capital outlay	-	2,614	-	1,086	3,700
Debt Service:					
Redemption of principal	-	-	8,570	-	8,570
Interest and other fiscal charges	-	-	1,817	-	1,817
TOTAL CASH DISBURSEMENTS	37,034	102,842	10,387	1,086	151,349
TOTAL RECEIPTS OVER(Under) CASH DISBURSEMENTS	31,263	9,666	(10,387)	(1,086)	29,456
OTHER FINANCING RECEIPTS:					
Transfer-In	-	-	10,145	-	10,145
Transfer-Out	(10,145)	-	-	-	(10,145)
	(10,145)	-	10,145	-	-
EXCESS OF CASH RECEIPTS AND OTHER FINANCING RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS AND OTHER FINANCING DISBURSEMENTS	21,118	9,666	(242)	(1,086)	29,456
FUND CASH BALANCES, JANUARY 1	15,194	82,493	7,790	1,086	106,563
FUND CASH BALANCES, DECEMBER 31	\$ 36,312	\$ 92,159	\$ 7,548	\$ -	\$ 136,019

See notes to financial statements.

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES-
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
CASH RECEIPTS:	
Earnings on investments	\$ 148
CASH DISBURSEMENTS:	
Capital outlay	-
FUND CASH BALANCES, JANUARY 1	<u>\$ 3,312</u>
FUND CASH BALANCES, DECEMBER 31	<u><u>\$ 3,460</u></u>

See notes to financial statements.

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES-
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Governmental Fund Type			Fiduciary Fund Type	(Memorandum Only)
	General	Special Revenue	Debt Service	Permanent	Total
CASH RECEIPTS:					
Local taxes	\$ 30,544	\$ 19,337	\$ -	\$ -	\$ 49,881
Charges for services	-	691	-	-	691
Licenses, permits, and fees	-	600	-	-	600
Intergovernmental	18,596	97,888	-	-	116,484
Earnings on investments	890	835	-	-	1,725
TOTAL CASH RECEIPTS	50,030	119,351	-	-	169,381
CASH DISBURSEMENTS:					
Current:					
General government	38,217	9,467	-	-	47,684
Public work activities	-	81,669	-	-	81,669
Public health services	1,900	200	-	-	2,100
Other	-	21,680	-	-	21,680
Debt Service:					
Redemption of principal	-	-	8,570	-	8,570
Interest and other fiscal charges	-	-	2,180	-	2,180
TOTAL CASH DISBURSEMENTS	40,117	113,016	10,750	-	163,883
TOTAL RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS	9,913	6,335	(10,750)	-	5,498
OTHER FINANCING RECEIPTS:					
Transfer-In	-	-	11,131	-	11,131
Transfer-Out	(11,131)	-	-	-	(11,131)
	(11,131)	-	11,131	-	-
EXCESS OF CASH RECEIPTS AND OTHER FINANCING RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS AND OTHER FINANCING DISBURSEMENTS	(1,218)	6,335	381	-	5,498
FUND CASH BALANCES, JANUARY 1	16,412	76,158	7,409	1,086	101,065
FUND CASH BALANCES, DECEMBER 31	\$ 15,194	\$ 82,493	\$ 7,790	\$ 1,086	\$ 106,563

See notes to financial statements.

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES-
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Fiduciary Fund Type
	Private Purpose Trust
CASH RECEIPTS:	
Earnings on investments	\$ -
CASH DISBURSEMENTS:	
Capital outlay	-
FUND CASH BALANCES, JANUARY 1	\$ 3,312
FUND CASH BALANCES, DECEMBER 31	\$ 3,312

See notes to financial statements.

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Description of the Entity

Madison Township (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 maintenance of Township roads and cemeteries.

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 cash 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 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

All cash is maintained in a pooled checking account. Certificates of Deposits are valued at cost.

D. Fund Accounting

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

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

Gasoline Tax Fund – This fund receives gasoline tax receipts for maintaining and repairing Township roads.

Road and Bridge Fund – This fund receives real estate and personal property tax money for the construction, repair and maintenance of township roads and bridges.

Cemetery Fund - This fund generates money through the selling of cemetery lots and donations from the general public. This money is disbursed for the maintenance and upkeep of Township cemeteries.

Special Levy Fund – This fund receives real estate tax for the cost associated with the fire and EMS protection contracts with the Village of Adamsville and Village of Dresden.

Debt Service Fund

This fund is used to accumulate resources to pay principal and interest on long-term debt.

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Township had the following significant Fiduciary Funds:

Sarah Mahon Non-Expendable Cemetery Bequest Fund – This fund receives interest from principal that is invested in a certificate of deposit. The interest is only to be used to keep the burial grounds in good repair and especially the graves and tombstones of the Mahon family.

Elinor King Expendable Cemetery Bequest Fund – This fund receives money to be used to restore gravestones.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

Appropriations

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

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.

Encumbrances

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

A Summary of 2006 and 2005 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 in the accompanying financial statements.

2. Equity in Pooled Cash

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

	<u>2006</u>	<u>2005</u>
Demand deposits	\$ 134,479	\$ 104,875
Certificate of Deposits	<u>5,000</u>	<u>5,000</u>
Total Deposits	<u>\$ 139,479</u>	<u>\$ 109,875</u>

Deposits:

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged at the financial institution of the Township.

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

3. Budgetary Activity

Budgetary activity for the years ended December 31, 2006 and 2005 was as follows:

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 57,914	\$ 58,152	\$ 238
Special Revenue	112,335	112,508	173
Debt Service	10,145	10,145	-
Expendable Trust	-	-	-
Nonexpendable Trust	<u>148</u>	<u>148</u>	<u>-</u>
Total	<u>\$ 180,542</u>	<u>\$ 180,953</u>	<u>\$ 411</u>

2006 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 52,489	\$ 37,034	\$ 15,455
Special Revenue	179,624	102,842	76,782
Debt Service	10,400	10,387	13
Expendable Trust	1,086	1,086	-
Nonexpendable Trust	<u>235</u>	<u>-</u>	<u>235</u>
Total	<u>\$ 243,834</u>	<u>\$ 151,349</u>	<u>\$ 92,485</u>

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 37,024	\$ 38,899	\$ 1,875
Special Revenue	97,726	119,351	21,625
Debt Service	10,930	11,131	201
Expendable Trust	-	-	-
Nonexpendable Trust	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 145,680</u>	<u>\$ 169,381</u>	<u>\$ 23,701</u>

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

3. Budgetary Activity (Continued)

2005 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 47,352	\$ 40,117	\$ 7,235
Special Revenue	166,451	113,016	53,435
Debt Service	10,930	10,750	180
Expendable Trust	1,087	-	1,087
Nonexpendable Trust	<u>195</u>	<u>-</u>	<u>195</u>
Total	<u>\$ 226,015</u>	<u>\$ 163,883</u>	<u>\$ 62,132</u>

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which, Board of Trustees adopts rates. 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.

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. Debt

Debt outstanding at December 31, 2006 was as follows:

	<u>Principal</u>	<u>Interest rate</u>
Century National Bank Loan	\$ 34,280	4.24%
Total	<u>\$ 34,280</u>	

The Century National Bank Loan was for the purchase of a new grader, which was to be paid from tax distributions from the County Auditor. The payments are due May 1 of each year with the final payment due in 2010. The equipment purchased collateralizes the loan.

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. Debt (Continued)

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

<u>Year</u>	<u>Grader Loan</u>
2007	10,023
2008	9,660
2009	9,297
2010	8,933
Total	<u>\$ 37,913</u>

6. Retirement Systems

The Township's Trustees, Clerk and part-time 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 post-retirement health care, 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 2006, members of PERS contributed 9.0% of their gross salaries. For 2005, members of PERS contributed 8.5%. The Township contributed an amount equal to 13.70% of participants' gross salaries for 2006. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2005. The Township has paid all contributions required through December 31, 2006.

7. Risk Management

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage's, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**MADISON TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. Risk Management (Continued)

Settlement amounts did not exceed insurance coverage for the past three fiscal years

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004 (the latest information available):

	<u>2005</u>	<u>2004</u>
Assets	\$8,219,430	\$6,685,522
Liabilities	<u>(2,748,639)</u>	<u>(2,227,808)</u>
Members' Equity	<u>\$5,470,791</u>	<u>\$4,457,714</u>

You can read the complete audited financial statements for the Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

The Township also provides health insurance coverage to elected officials and full-time employees through a private carrier.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Board of Trustees
Madison Township
1975 Mollie's Rock Road
Dresden, Ohio 43821

We have audited the financial statements of Madison Township as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 20, 2007, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We 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.

Internal Control Over Financing Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison Township's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Madison Township in a separate letter dated June 20, 2007.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 20, 2007



Mary Taylor, CPA
Auditor of State

MADISON TOWNSHIP

MUSKINGUM 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 2, 2007**