



Mary Taylor, CPA  
Auditor of State



MADISON TOWNSHIP  
MUSKINGUM COUNTY

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# Mary Taylor, CPA

Auditor of State

Madison Township  
Muskingum County  
1975 Mollies Rock Road  
Dresden, Ohio 43821

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Mary Taylor, CPA**  
Auditor of State

November 9, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Madison Township  
Muskingum County  
1975 Mollies Rock Road  
Dresden, Ohio 43821

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe 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 (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Township's larger (i.e., major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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 two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

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, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 our report dated November 9, 2009, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

November 9, 2009

**MADISON TOWNSHIP  
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$20,965	\$19,776	\$0	\$0	\$40,741
Intergovernmental	20,271	98,468			118,739
Charges for Services		682			682
Earnings on Investments	1,782	1,183		145	3,110
Miscellaneous	6,800				6,800
	<u>49,818</u>	<u>120,109</u>	<u>0</u>	<u>145</u>	<u>170,072</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	39,277	377			39,654
Public Safety		10,073			10,073
Public Works	3,255	112,609			115,864
Health	2,335				2,335
Capital Outlay		2,569			2,569
Debt Service:					
Redemption of Principal		18,363			18,363
Interest and Fiscal Charges		2,050	30		2,080
	<u>44,867</u>	<u>146,041</u>	<u>30</u>	<u>0</u>	<u>190,938</u>
Total Cash Receipts Over/(Under) Cash Disbursements	4,951	(25,932)	(30)	145	(20,866)
Fund Cash Balances, January 1	48,205	79,454	7,275	3,606	138,540
<b>Fund Cash Balances, December 31</b>	<b><u>\$53,156</u></b>	<b><u>\$53,522</u></b>	<b><u>\$7,245</u></b>	<b><u>\$3,751</u></b>	<b><u>\$117,674</u></b>

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

**MADISON TOWNSHIP  
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$24,008	\$22,848	\$0	\$0	\$46,856
Intergovernmental	26,205	98,593			124,798
Licenses, Permits, and Fees		800			800
Earnings on Investments	3,224	2,383		146	5,753
Miscellaneous	465				465
Total Cash Receipts	<u>53,902</u>	<u>124,624</u>	<u>0</u>	<u>146</u>	<u>178,672</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	40,644	3,392			44,036
Public Safety		8,138			8,138
Public Works		97,006			97,006
Health	1,365	400			1,765
Capital Outlay		56,811			56,811
Debt Service:					
Redemption of Principal		19,353			19,353
Interest and Fiscal Charges		1,181	273		1,454
Total Cash Disbursements	<u>42,009</u>	<u>186,281</u>	<u>273</u>	<u>0</u>	<u>228,563</u>
Total Cash Receipts Over/(Under) Cash Disbursements	11,893	(61,657)	(273)	146	(49,891)
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Loan		48,952			48,952
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>48,952</u>	<u>0</u>	<u>0</u>	<u>48,952</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	11,893	(12,705)	(273)	146	(939)
Fund Cash Balances, January 1	<u>36,312</u>	<u>92,159</u>	<u>7,548</u>	<u>3,460</u>	<u>139,479</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$48,205</u></b>	<b><u>\$79,454</u></b>	<b><u>\$7,275</u></b>	<b><u>\$3,606</u></b>	<b><u>\$138,540</u></b>

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

**MADISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Madison Township, Muskingum County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection and emergency medical services. The Township contracts with the Adamsville Community Volunteer Fire Department and the Village of Dresden to provide fire protection and emergency medical services.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. Deposits**

The Township values its certificate of deposit 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:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

**MADISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**D. Fund Accounting (Continued)**

**3. Debt Service Funds**

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

General Note Retirement Fund - This fund was established to retire notes issued for the purchase of road equipment to be used for road maintenance.

**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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**MADISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS**

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

	2008	2007
Demand deposits	\$112,441	\$133,540
Certificates of deposit	5,233	5,000
Total deposits	\$117,674	\$138,540

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,336	\$49,818	(\$518)
Special Revenue	108,582	120,109	11,527
Debt Service	9,418	0	(9,418)
Permanent	106	145	39
Total	\$168,442	\$170,072	\$1,630

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$57,728	\$44,867	\$12,861
Special Revenue	176,208	146,041	30,167
Debt Service	9,660	30	9,630
Permanent	600	0	600
Total	\$244,196	\$190,938	\$53,258

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,033	\$53,902	\$9,869
Special Revenue	108,855	173,576	64,721
Debt Service	9,781	0	(9,781)
Permanent	135	146	11
Total	\$162,804	\$227,624	\$64,820

**MADISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$60,516	\$42,009	\$18,507
Special Revenue	175,240	186,281	(11,041)
Debt Service	10,145	273	9,872
Permanent	235	0	235
Total	\$246,136	\$228,563	\$17,573

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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, 2008 was as follows:

	Principal	Interest Rate
Road Equipment Notes	\$17,140	4.24%
Promissory Note (Tractor)	29,324	5.07%
Total	\$46,464	

The Township issued road equipment notes in 2003 for the purpose of acquiring a motor grader for use in constructing, maintaining and repairing Township roads. The motor grader is pledged as collateral for the road equipment notes.

The Township entered into a master financing agreement in 2007 for the purchase of a tractor for use in constructing, maintaining and repairing Township roads. The tractor is pledged as collateral for this note.

**MADISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**5. DEBT (Continued)**

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

Year ending December 31:	Road Equipment Notes	Master Financing Agreement
2009	\$9,297	\$10,783
2010	8,933	10,783
2011		10,783
Total	\$18,230	\$32,349

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007, OPERS members contributed 9.5 percent of their gross salaries. The Township contributed an amount equaling 13.85 percent of participants' gross salaries. For 2008, OPERS members contributed 10.00 percent of their gross salaries. The Township contributed an amount equaling 14.00 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

**7. RISK MANAGEMENT**

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 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 coverages, 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 the Plan retains 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.

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 financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

**MADISON TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<b>2007</b>	<b>2006</b>
Assets	\$11,136,455	\$9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Members' Equity	<u>\$6,862,902</u>	<u>\$6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



# Mary Taylor, CPA

Auditor of State

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

Madison Township  
Muskingum County  
1975 Mollies Rock Road  
Dresden, Ohio 43821

To the Board of Trustees:

We have audited the financial statements of Madison Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated November 9, 2009, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

We consider findings 2008-002 and 2008-003 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe finding number 2008-002 is also a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated November 9, 2009.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2008-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 9, 2009.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

November 9, 2009

**MADISON TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

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

**FINDING NUMBER 2008-001**

**Finding for Recovery Repaid Under Audit**

Ohio Rev. Code Section 505.60(D) states, in pertinent part, that if any township officer or employee elects not to participate in the township's health care plan, the township may reimburse the officer or employee for each out-of-pocket premium attributable to the coverage provided for the officer or employee for insurance benefits described in division (A) of this section that the officer or employee otherwise obtains, but not to exceed an amount equal to the average premium paid by the township for its officers and employees under any health care plan it procures under this section.

During 2007 W. Kevin Spiker, Township Trustee elected not to participate in the Township's health care plan and instead was reimbursed \$400 a month for a total of \$4,800. However, a review of documentation shows that during this time W. Kevin Spiker only incurred out-of-pocket premiums totaling \$2,961 and accordingly was reimbursed an overpayment of \$1,389 for health care.

Ohio Rev. Code Section 505.602 allows a Board of Trustees to procure and pay all or any part of the cost of group life insurance to insure the lives of officers and full-time employees of the Township. The amount of group life insurance coverage provided by the Board of Trustees to insure the lives of officers of the Township shall not exceed fifty thousand dollars per officer.

The Township provided life insurance to W. Kevin Spiker through a group life insurance policy procured by the Township. The Township also reimbursed him for a private personal life insurance policy. As stated above, the Township may procure its own Township plan for group life insurance; however, it has no authority to reimburse officers or employees for private life insurance policies. As a result, the reimbursements of life insurance premiums totaling \$450 in 2007 and \$302 in 2008 are not allowable under Ohio Rev. Code Section 505.602.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against W. Kevin Spiker, Township Trustee, and his bonding company, Ohio Government Risk Management Plan, in the amount of \$2,141, and in favor of the General Fund in the amount of \$364 and in favor of the Gasoline Tax Fund in the amount of \$1,777.

On November 9, 2009, W. Kevin Spiker issued a check to Madison Township for \$2,141 as repayment. We will consider this a finding for recovery repaid under audit.

**MADISON TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**FINDING NUMBER 2008-002**

**Material Weakness**

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

During 2008 and 2007, the Fiscal Officer posted certain transactions incorrectly as follows:

- Fire contracts were posted to General Government instead of Public Safety in the Special Levy Fund in the amount of \$8,137 in 2007 and \$10,072 in 2008;
- Cents per gallon receipts were posted as Sale of Notes in the Debt Service Fund instead of Intergovernmental in the Gasoline Tax Fund in the amount of \$9,751 in 2007 and \$9,630 in 2008; and
- Road repairs were posted to General Government instead of Public Works in the General Fund in the amount of \$3,255 in 2008.

During 2007, the Township entered into a loan agreement for \$48,952 in order to purchase a tractor. However, the proceeds from the loan and the corresponding expenditure were not posted to the Township's records nor were budgetary adjustments approved for estimated resources and appropriations. As a result, receipts and disbursements were understated on the Township's records and annual financial report.

These misstatements were caused by management oversight. As a result, significant adjustments and reclassifications, with which the Township's management agrees, were made to the accompanying financial statements.

We recommend the Fiscal Officer refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts and expenditures. We also recommend the Fiscal Officer record all proceeds from loans to the Township's records, and the Township obtain an amended certificate of estimated resources and pass supplemental appropriations for these transactions.

**MADISON TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**FINDING NUMBER 2008-003**

**Significant Deficiency**

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2008, estimated resources as approved by the Budget Commission did not agree to the Township's ledgers and notes to the financial statements for the following funds. The variances are as follows:

<u>Fund</u>	<u>Estimated Receipts Per Budget Commission</u>	<u>Amounts Per Township Reports</u>	<u>Variance</u>
General	\$ 50,336	\$ 47,431	\$ 2,905
Special Levy	8,820	8,550	270

At December 31, 2007, estimated resources as approved by the Budget Commission did not agree to the Township's ledgers and notes to the financial statements for the following funds. The variances are as follows:

<u>Fund</u>	<u>Estimated Receipts Per Budget Commission</u>	<u>Amounts Per Township Reports</u>	<u>Variance</u>
General	\$ 44,033	\$ 41,608	\$ 2,425
Road and Bridge	11,889	11,420	469

At December 31, 2008, appropriations approved by the Board of Trustees did not agree to the Township's ledgers and notes to the financial statements for the following fund:

<u>Fund</u>	<u>Approved Appropriations</u>	<u>Appropriations per the UAN system</u>	<u>Variance</u>
General	\$ 57,728	\$ 67,128	\$ (9,400)

**MADISON TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**FINDING NUMBER 2008-003 (Continued)**

**Significant Deficiency (Continued)**

At December 31, appropriations approved by the Board of Trustees did not agree to the Township's ledgers and notes to the financial statements at the legal level of control as follows:

<u>Year</u> <u>End</u>	<u>Fund/Line Item</u>	<u>Approved</u> <u>Appropriations</u>	<u>Appropriations per</u> <u>the UAN system</u>	<u>Variance</u>
2007	1000-110-211-0000	\$ 3,000	\$ 5,500	\$ (2,500)
2007	1000-110-599-0000	15,000	12,500	2,500
2008	1000-110-599-0000	7,500	16,900	(9,400)

Due to budgetary information being improperly entered into the system, the management of the Township was not able to effectively monitor and report its budgetary vs. actual status throughout the year.

We recommend the Fiscal Officer accurately post estimated receipts as approved by the Budget Commission and appropriations as approved by the Board of Trustees into the computer system. This procedure will help ensure more useful comparisons of budget vs. actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**Officials' Response:** We did not receive a response from Officials to the findings reported above.



**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  
NOVEMBER 24, 2009**