

**MADISON TOWNSHIP
LICKING COUNTY**

AUDIT REPORT

JANUARY 1, 2013 – DECEMBER 31, 2014

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**



Dave Yost • Auditor of State

Board of Trustees
Madison Township
3153 Beal Road SE
Newark, Ohio 43056

We have reviewed the *Independent Auditors' Report* of Madison Township, Licking County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2013 through December 31, 2014. 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.

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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 1, 2015

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**MADISON TOWNSHIP
LICKING COUNTY**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Madison Township
Licking County
3153 Beal Road SE
Newark, Ohio 43056

To the Board of Trustees:

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, major funds and aggregate remaining fund information of Madison Township, Licking County as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, which collectively comprised the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about the financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Madison Township, Licking County, as of December 31, 2014 and 2013, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Road and Bridge Fund, General Fire Fund, and Fire Levy Fund, thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We applied no procedures to the Management's Discussion and Analysis presented on pages 3-8 of the report, and accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 18, 2015, on our consideration of Madison 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
March 18, 2015

**MADISON TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
UNAUDITED**

This discussion and analysis of the Madison Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2014 and 2013, within the limitations of the Township's cash basis accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2014 and 2013 are as follows:

The Township's general receipts are primarily Real Estate and property taxes for governmental activities for the year. Tax receipts for 2014 and 2013 changed very little compared to 2012 as development within the Township has stayed about the same.

In 2013, the Township entered into a lease-purchase agreement for a case loader costing \$64,842

In 2014, Net Position decreased by \$48,217 which was (6.8%) and decreased in 2013 by \$17,195 which was (2.4%).

In 2014, the Township rescinded legislation that had established the capital projects fund, which was receiving transfers from the General Fund to build up o a cash base. This money was transferred back to the General fund based on this rescinded legislation.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net position and statement of activities provide information about the cash activities of the Township as a whole. The statement of cash basis assets and fund balances, and the statement of cash receipts, disbursements and changes in fund cash balances, present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**MADISON TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
UNAUDITED**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The statements of net position and statements of activities for 2014 and 2013 reflect how the Township did financially within the limitations of the cash basis of accounting. The statement of net position present the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the programs services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's tax base, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and real estate taxes.

In the statement of net position and the statement of activities, we divide the government into governmental activities. All of the Township's basic services are reported here, including road maintenance. Real estate and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

**MADISON TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
UNAUDITED**

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds for 2014 and 2013 are the General Fund, Road and Bridge Fund, General Fire Fund, Fire Levy Fund and Capital Projects Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the township reports on the cash basis.

The Government as a Whole

Table 1 provides a summary of the Township's net position for 2014 and 2013 with no comparison to 2012 as the prior two periods were agreed upon procedures and no amounts were reported.

Table 1
NET POSITION

	Governmental Activities	
	2014	2013
Assets		
Cash	\$ 661,759	\$ 709,976
Total Assets	661,759	709,976
Net Position		
Restricted for:		
Capital Projects	-	160,000
Other Purposes	335,587	322,304
Unrestricted	326,172	227,672
Total Net Position	\$ 661,759	\$ 709,976

**MADISON TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
UNAUDITED**

Table 2 reflects the changes in net position in 2014 and 2013 with no comparison to 2012 as the prior two periods were agreed upon procedures and no amounts were reported.

Table 2
CHANGES IN NET POSITION

	Governmental Activities	
	2014	2013
Receipts:		
Program Receipts:		
Operating Grants	\$ 105,415	\$ 104,716
Total Program Receipts	105,415	104,716
General Receipts;		
Property and Other Tax Grants and Entitlements not Restricted	586,231	568,610
Debt Proceeds	-	64,842
Interest	1,089	953
Miscellaneous	20,715	21,250
Total General Receipts	730,203	800,913
Total Receipts	835,618	905,629
Disbursements:		
General Government	126,743	118,800
Public Safety	212,124	201,122
Public Works	390,858	435,838
Health	2,025	117
Capital Outlay	69,461	108,146
Debt Service-Principal	73,836	55,151
Interest	8,788	3,650
Total Disbursements	883,835	922,824
Increase/(Decrease) In Net Position	(48,217)	(17,195)
Net Position, January 1	709,976	727,171
Net Position, December 31	\$ 661,759	\$ 709,976

Program receipts represent 13% and 12% of total receipts for 2014 and 2013, respectively. They are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 87%, and 88% of the Township's total receipts for 2014 and 2013, respectively. Local taxes represent 80%, and 71% of the general receipts. Grants and entitlements make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources.

Disbursements for general government represent the overhead costs of running the Township and the support services provided for the other Township activities.

**MADISON TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
UNAUDITED**

Township Activities

If you look at the Statement of Activities you will see that the first column lists the major services provided by Madison Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Public Works, Public Safety and General Government, which account for 44%, 24% and 14% in 2014 and 47%, 22% and 13% in 2013 of all governmental disbursements. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of service and the net cost for 2014 and 2013 is presented in Table 3.

TABLE 3

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
General Government	\$ 126,743	\$ 126,743	\$ 118,800	\$ 118,800
Public Safety	212,124	212,124	201,122	200,523
Public Works	390,858	285,443	435,838	331,721
Health	2,025	2,025	117	117
Capital Outlay	69,461	69,461	108,146	108,146
DS – Principal	73,836	73,836	55,151	55,151
DS - Interest	8,788	8,788	3,650	3,650
Total Expenses	<u>\$ 883,835</u>	<u>\$ 778,420</u>	<u>\$ 922,824</u>	<u>\$ 818,108</u>

The dependence upon property and tax receipts is apparent as a majority of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds had receipts of \$1,155,618 and \$985,629 for 2014 and 2013 and disbursements of \$1,203,835 and \$1,002,824 for 2014 and 2013, respectively.

Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

During 2014 and 2013, the Township made amendments to its appropriation budget and receipts budget to reflect changing circumstances. For 2014 and 2013, actual receipts were greater than budgeted receipts.

Final budgeted disbursements for 2014 and 2013 were \$467,000 and \$480,948, respectively. Actual disbursements for 2014 and 2013 were \$310,478 and \$311,507, respectively. The Township kept spending close to budgeted amounts.

**MADISON TOWNSHIP, LICKING COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
UNAUDITED**

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt

As of December 31, 2014, the Township had \$154,852 in total debt with \$76,203 due within one year. See footnote #9 for more detail.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Nancy Robinson, Fiscal Officer, 3153 Beal Road SE, Newark, Ohio 43056.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF NET POSITION-CASH BASIS
December 31, 2014**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 661,759</u>
Total Assets	<u>\$ 661,759</u>
NET POSITION:	
Restricted for:	
Other Purposes	\$ 335,587
Unrestricted	<u>326,172</u>
Total Net Position	<u><u>\$ 661,759</u></u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
Governmental Activities:					
General Government	\$ 126,743	\$ -	\$ -	\$ -	\$ (126,743)
Public Safety	212,124	-	-	-	(212,124)
Public Works	390,858	-	105,415	-	(285,443)
Health	2,025	-	-	-	(2,025)
Other	-	-	-	-	-
Capital Outlay	69,461	-	-	-	(69,461)
Debt Service:					
Principal Retirement	73,836	-	-	-	(73,836)
Interest and Fiscal Charges	8,788	-	-	-	(8,788)
Total Governmental Activities	\$ 883,835	\$ -	\$ 105,415	\$ -	\$ (778,420)

General Receipts:

Property Taxes Levied for:	
General Purposes	586,231
Grants and Entitlements not	
Restricted to Specific Programs	122,168
Interest	1,089
Miscellaneous	20,715
	730,203
Total General Receipts	730,203
Change in Net Position	(48,217)
Net Position Beginning of Year	709,976
Net Position End of Year	\$ 661,759

See notes to the basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2014**

	<u>General</u>	<u>Road and Bridge</u>	<u>General Fire Fund</u>	<u>Fire Levy</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:							
Equity in Pooled Cash and cash Equivalents	\$ 326,172	\$ 132,824	\$ 50,281	\$ 79,810	\$ -	\$ 72,672	\$ 661,759
Total Assets	<u>\$ 326,172</u>	<u>\$ 132,824</u>	<u>\$ 50,281</u>	<u>\$ 79,810</u>	<u>\$ -</u>	<u>\$ 72,672</u>	<u>\$ 661,759</u>
Fund Balances:							
Restricted	-	132,824	50,281	79,810	-	72,672	335,587
Unassigned	326,172	-	-	-	-	-	326,172
Total Fund Balances	<u>\$ 326,172</u>	<u>\$ 132,824</u>	<u>\$ 50,281</u>	<u>\$ 79,810</u>	<u>\$ -</u>	<u>\$ 72,672</u>	<u>\$ 661,759</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2014**

	<u>General</u>	<u>Road and Bridge</u>	<u>General Fire Fund</u>	<u>Fire Levy</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS							
Property and Other Local Taxes	\$ 125,376	\$ 227,874	\$ 115,640	\$ 117,341	\$ -	\$ -	\$ 586,231
Licenses, Permits, and Fees	5,114	-	-	-	-	-	5,114
Intergovernmental	36,595	37,378	23,833	19,248	-	105,415	222,469
Interest	1,004	-	-	-	-	85	1,089
Other	889	8,305	7,592	3,784	-	-	20,570
Total Receipts	<u>168,978</u>	<u>273,557</u>	<u>147,065</u>	<u>140,373</u>	<u>-</u>	<u>105,500</u>	<u>835,473</u>
CASH DISBURSEMENTS:							
Current:							
General Government	126,743	-	-	-	-	-	126,743
Public Safety	-	-	78,554	133,570	-	-	212,124
Public Works	100,619	226,432	-	-	-	63,807	390,858
Health	2,025	-	-	-	-	-	2,025
Other	-	-	-	-	-	-	-
Capital Outlay	1,091	-	42,476	25,894	-	-	69,461
Debt Service:							
Principal Retirement	-	21,120	52,716	-	-	-	73,836
Interest and Fiscal Charges	-	1,504	7,284	-	-	-	8,788
Total Disbursements	<u>230,478</u>	<u>249,056</u>	<u>181,030</u>	<u>159,464</u>	<u>-</u>	<u>63,807</u>	<u>883,835</u>
Excess of Receipts Over/(Under) Disbursements	(61,500)	24,501	(33,965)	(19,091)	-	41,693	(48,362)
Other Financing Sources:							
Other Debt Proceeds	-	-	-	-	-	-	-
Transfers - In	240,000	-	-	-	80,000	-	320,000
Transfers - Out	(80,000)	-	-	-	(240,000)	-	(320,000)
Sale of Assets	-	-	145	-	-	-	145
Total Other Financing Sources	<u>160,000</u>	<u>-</u>	<u>145</u>	<u>-</u>	<u>(160,000)</u>	<u>-</u>	<u>145</u>
Net Change in Cash Fund Balances	98,500	24,501	(33,820)	(19,091)	(160,000)	41,693	(48,217)
Cash Fund Balances Beginning of Year	<u>227,672</u>	<u>108,323</u>	<u>84,101</u>	<u>98,901</u>	<u>160,000</u>	<u>30,979</u>	<u>709,976</u>
Cash Fund Balances End of Year	<u>\$ 326,172</u>	<u>\$ 132,824</u>	<u>\$ 50,281</u>	<u>\$ 79,810</u>	<u>\$ -</u>	<u>\$ 72,672</u>	<u>\$ 661,759</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
CASH RECEIPTS				
Property and Other Local Taxes	\$ 125,463	\$ 125,463	\$ 125,376	\$ (87)
Licenses, Permits and Fines	2,000	2,000	5,114	3,114
Intergovernmental	36,514	36,514	36,595	81
Interest	500	500	1,004	504
Other	-	-	889	889
Total Receipts	<u>164,477</u>	<u>164,477</u>	<u>168,978</u>	<u>4,501</u>
CASH DISBURSEMENTS:				
Current:				
General Government	258,000	257,000	126,743	130,257
Public Works	-	121,000	100,619	20,381
Health	4,000	4,000	2,025	1,975
Capital Outlay	<u>25,000</u>	<u>5,000</u>	<u>1,091</u>	<u>3,909</u>
Total Disbursements	<u>287,000</u>	<u>387,000</u>	<u>230,478</u>	<u>156,522</u>
Excess of Receipts Over/(Under) Disbursements	(122,523)	(222,523)	(61,500)	161,023
Other Financing (Uses):				
Transfers - In	-	100,000	240,000	140,000
Transfers - Out	<u>(80,000)</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>
Total Other Financing (Uses)	(80,000)	20,000	160,000	(140,000)
Net Change in Cash Fund Balance	(202,523)	(202,523)	98,500	301,023
Cash Fund Balances Beginning of Year	<u>227,672</u>	<u>227,672</u>	<u>227,672</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 25,149</u>	<u>\$ 25,149</u>	<u>\$ 326,172</u>	<u>\$ 301,023</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 234,385	\$ 234,385	\$ 227,874	\$ (6,511)
Intergovernmental	30,000	30,000	37,378	7,378
Other	-	6,000	8,305	2,305
Total Receipts	<u>264,385</u>	<u>270,385</u>	<u>273,557</u>	<u>3,172</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	281,300	309,300	226,432	82,868
Capital Outlay	22,000	-	-	-
Debt Service:				
Principal Retirement	21,120	21,120	21,120	-
Interest and Fiscal Charges	1,504	1,504	1,504	-
Total Disbursements	<u>325,924</u>	<u>331,924</u>	<u>249,056</u>	<u>82,868</u>
Net Change in Cash Fund Balances	(61,539)	(61,539)	24,501	86,040
Cash Fund Balances Beginning of Year	<u>108,323</u>	<u>108,323</u>	<u>108,323</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 46,784</u>	<u>\$ 46,784</u>	<u>\$ 132,824</u>	<u>\$ 86,040</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 116,041	\$ 116,041	\$ 115,640	\$ (401)
Intergovernmental	18,000	18,000	23,833	5,833
Other	-	9,065	7,592	(1,473)
Total Receipts	<u>134,041</u>	<u>143,106</u>	<u>147,065</u>	<u>3,959</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety	101,000	103,146	78,554	24,592
Capital Outlay	13,000	42,558	42,476	82
Debt Service:				
Principal Retirement	79,774	52,716	52,716	-
Interest and Fiscal Charges	7,284	7,284	7,284	-
Total Disbursements	<u>201,058</u>	<u>205,704</u>	<u>181,030</u>	<u>24,674</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	(67,017)	(62,598)	(33,965)	28,633
Other Financing Sources				
Sale of Capital Assets	-	-	145	145
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>145</u>	<u>145</u>
Net Change in Cash Fund Balances	(67,017)	(62,598)	(33,820)	28,778
Cash Fund Balances Beginning of Year	<u>84,101</u>	<u>84,101</u>	<u>84,101</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 17,084</u>	<u>\$ 21,503</u>	<u>\$ 50,281</u>	<u>\$ 28,778</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 119,142	\$ 119,142	\$ 117,341	\$ (1,801)
Intergovernmental	17,000	17,000	19,248	2,248
Other	-	-	3,784	3,784
Total Receipts	<u>136,142</u>	<u>136,142</u>	<u>140,373</u>	<u>4,231</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety	145,000	157,000	133,570	23,430
Capital Outlay	40,000	32,419	25,894	6,525
Total Disbursements	<u>185,000</u>	<u>189,419</u>	<u>159,464</u>	<u>29,955</u>
Net Change in Cash Fund Balances	(48,858)	(53,277)	(19,091)	34,186
Cash Fund Balances Beginning of Year	98,901	98,901	98,901	-
Prior Years Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 50,043</u>	<u>\$ 45,624</u>	<u>\$ 79,810</u>	<u>\$ 34,186</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF NET POSITION-CASH BASIS
December 31, 2013**

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 709,976</u>
Total Assets	<u>\$ 709,976</u>
NET POSITION:	
Restricted for:	
Capital Projects	\$ 160,000
Other Purposes	322,304
Unrestricted	<u>227,672</u>
Total Net Position	<u><u>\$ 709,976</u></u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
Governmental Activities:					
General Government	\$ 118,800	\$ -	\$ -	\$ -	\$ (118,800)
Public Safety	201,122	-	599	-	(200,523)
Public Works	435,838	-	104,117	-	(331,721)
Health	117	-	-	-	(117)
Other	-	-	-	-	-
Capital Outlay	108,146	-	-	-	(108,146)
Debt Service:					
Principal Retirement	55,151	-	-	-	(55,151)
Interest and Fiscal Charges	3,650	-	-	-	(3,650)
Total Governmental Activities	\$ 922,824	\$ -	\$ 104,716	\$ -	\$ (818,108)

General Receipts:

Property Taxes Levied for:	
General Purposes	568,610
Grants and Entitlements not	
Restricted to Specific Programs	145,258
Other Debt Proceeds	64,842
Interest	953
Miscellaneous	21,250
	800,913
Total General Receipts	800,913
Change in Net Position	(17,195)
Net Position Beginning of Year	727,171
Net Position End of Year	\$ 709,976

See notes to the basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2013**

	<u>General</u>	<u>Road and Bridge</u>	<u>General Fire Fund</u>	<u>Fire Levy</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:							
Equity in Pooled Cash and cash Equivalents	\$ 227,672	\$ 108,323	\$ 84,101	\$ 98,901	\$ 160,000	\$ 30,979	\$ 709,976
Total Assets	<u>\$ 227,672</u>	<u>\$ 108,323</u>	<u>\$ 84,101</u>	<u>\$ 98,901</u>	<u>\$ 160,000</u>	<u>\$ 30,979</u>	<u>\$ 709,976</u>
Fund Balances:							
Restricted	-	108,323	84,101	98,901	-	30,979	322,304
Committed	-	-	-	-	160,000	-	160,000
Unassigned	227,672	-	-	-	-	-	227,672
Total Fund Balances	<u>\$ 227,672</u>	<u>\$ 108,323</u>	<u>\$ 84,101</u>	<u>\$ 98,901</u>	<u>\$ 160,000</u>	<u>\$ 30,979</u>	<u>\$ 709,976</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUNDS
December 31, 2013**

	<u>General</u>	<u>Road and Bridge</u>	<u>General Fire Fund</u>	<u>Fire Levy</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS							
Property and Other Local Taxes	\$ 123,037	\$ 219,670	\$ 113,465	\$ 112,438	\$ -	\$ -	\$ 568,610
Licenses, Permits, and Fees	2,457	-	-	-	-	-	2,457
Intergovernmental	67,139	38,877	23,632	18,643	-	101,683	249,974
Interest	900	-	-	-	-	53	953
Other	1,049	5,798	8,093	3,853	-	-	18,793
Total Receipts	<u>194,582</u>	<u>264,345</u>	<u>145,190</u>	<u>134,934</u>	<u>-</u>	<u>101,736</u>	<u>840,787</u>
CASH DISBURSEMENTS:							
Current:							
General Government	115,767	-	-	-	-	3,033	118,800
Public Safety	-	-	84,312	116,810	-	-	201,122
Public Works	114,743	221,735	-	-	-	99,360	435,838
Health	117	-	-	-	-	-	117
Other	-	-	-	-	-	-	-
Capital Outlay	880	84,905	7,136	15,225	-	-	108,146
Debt Service:							
Principal Retirement	-	19,489	35,662	-	-	-	55,151
Interest and Fiscal Charges	-	305	3,345	-	-	-	3,650
Total Disbursements	<u>231,507</u>	<u>326,434</u>	<u>130,455</u>	<u>132,035</u>	<u>-</u>	<u>102,393</u>	<u>922,824</u>
Excess of Receipts Over/(Under) Disbursements	(36,925)	(62,089)	14,735	2,899	-	(657)	(82,037)
Other Financing Sources:							
Other Debt Proceeds	-	64,842	-	-	-	-	64,842
Transfers - In	-	-	-	-	80,000	-	80,000
Transfers - Out	(80,000)	-	-	-	-	-	(80,000)
Sale of Assets	-	-	-	-	-	-	-
Total Other Financing Sources	<u>(80,000)</u>	<u>64,842</u>	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>64,842</u>
Net Change in Cash Fund Balances	(116,925)	2,753	14,735	2,899	80,000	(657)	(17,195)
Cash Fund Balances Beginning of Year	<u>344,597</u>	<u>105,570</u>	<u>69,366</u>	<u>96,002</u>	<u>80,000</u>	<u>31,636</u>	<u>727,171</u>
Cash Fund Balances End of Year	<u>\$ 227,672</u>	<u>\$ 108,323</u>	<u>\$ 84,101</u>	<u>\$ 98,901</u>	<u>\$ 160,000</u>	<u>\$ 30,979</u>	<u>\$ 709,976</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 123,732	\$ 123,732	\$ 123,037	\$ (695)
Licenses, Permits and Fines	2,000	2,000	2,457	457
Intergovernmental	36,514	36,514	67,139	30,625
Interest	500	500	900	400
Other	-	-	1,049	1,049
Total Receipts	<u>162,746</u>	<u>162,746</u>	<u>194,582</u>	<u>31,836</u>
CASH DISBURSEMENTS:				
Current:				
General Government	272,948	257,948	115,767	142,181
Public Works	75,000	115,000	114,743	257
Health	3,000	3,000	117	2,883
Capital Outlay	50,000	25,000	880	24,120
Total Disbursements	<u>400,948</u>	<u>400,948</u>	<u>231,507</u>	<u>169,441</u>
Excess of Receipts Over/(Under) Disbursements	(238,202)	(238,202)	(36,925)	201,277
Other Financing (Uses):				
Transfers - Out	(80,000)	(80,000)	(80,000)	-
Total Other Financing (Uses)	<u>(80,000)</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>
Net Change in Cash Fund Balance	(318,202)	(318,202)	(116,925)	201,277
Cash Fund Balances Beginning of Year	344,149	344,149	344,149	-
Prior Year Encumbrances Appropriated	<u>448</u>	<u>448</u>	<u>448</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 26,395</u>	<u>\$ 26,395</u>	<u>\$ 227,672</u>	<u>\$ 201,277</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 226,567	\$ 226,567	\$ 219,670	\$ (6,897)
Intergovernmental	30,000	30,000	38,877	8,877
Other	-	-	5,798	5,798
Total Receipts	<u>256,567</u>	<u>256,567</u>	<u>264,345</u>	<u>7,778</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	296,300	292,450	221,735	70,715
Capital Outlay	17,000	85,692	84,905	787
Debt Service:				
Principal Retirement	19,489	19,489	19,489	-
Interest and Fiscal Charges	305	305	305	-
Total Disbursements	<u>333,094</u>	<u>397,936</u>	<u>326,434</u>	<u>71,502</u>
Excess of Receipts Over/(Under) Disbursements	(76,527)	(141,369)	(62,089)	79,280
Other Financing Sources:				
Other Debt Proceeds	-	64,842	64,842	-
Total Other Financing Sources	-	64,842	64,842	-
Net Change in Cash Fund Balances	(76,527)	(76,527)	2,753	79,280
Cash Fund Balances Beginning of Year	<u>105,570</u>	<u>105,570</u>	<u>105,570</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 29,043</u>	<u>\$ 29,043</u>	<u>\$ 108,323</u>	<u>\$ 79,280</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 116,429	\$ 116,429	\$ 113,465	\$ (2,964)
Intergovernmental	18,000	22,300	23,632	1,332
Other	-	5,900	8,093	2,193
Total Receipts	<u>134,429</u>	<u>144,629</u>	<u>145,190</u>	<u>561</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety	104,200	104,700	84,312	20,388
Capital Outlay	20,000	20,700	7,136	13,564
Debt Service:				
Principal Retirement	51,802	51,802	35,662	16,140
Interest and Fiscal Charges	6,237	6,237	3,345	2,892
Total Disbursements	<u>182,239</u>	<u>183,439</u>	<u>130,455</u>	<u>52,984</u>
Net Change in Cash Fund Balances	(47,810)	(38,810)	14,735	53,545
Cash Fund Balances Beginning of Year	<u>69,366</u>	<u>69,366</u>	<u>69,366</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 21,556</u>	<u>\$ 30,556</u>	<u>\$ 84,101</u>	<u>\$ 53,545</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
CASH RECEIPTS				
Property and Other Local Taxes	\$ 114,314	\$ 114,314	\$ 112,438	\$ (1,876)
Intergovernmental	17,000	17,000	18,643	1,643
Other	-	-	3,853	3,853
Total Receipts	<u>131,314</u>	<u>131,314</u>	<u>134,934</u>	<u>3,620</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety	148,000	145,500	116,810	28,690
Capital Outlay	38,000	40,500	15,225	25,275
Total Disbursements	<u>186,000</u>	<u>186,000</u>	<u>132,035</u>	<u>53,965</u>
Net Change in Cash Fund Balances	(54,686)	(54,686)	2,899	57,585
Cash Fund Balances Beginning of Year	<u>96,002</u>	<u>96,002</u>	<u>96,002</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ 41,316</u>	<u>\$ 41,316</u>	<u>\$ 98,901</u>	<u>\$ 57,585</u>

See notes to basic financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE REPORTING ENTITY

Reporting Entity

The Township of Madison, Licking County, is a body politic and corporate established in 1812 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 and a publicly elected Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township road and bridges, zoning services, volunteer fire protection, volunteer emergency medical services, and cemetery maintenance. Police protection is provided by the Licking County Sheriff.

Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township.

Madison Township has no component units.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Township does not report assets for equity interest in joint ventures.

The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. This organization is: Public Entity Risk Pool: Ohio Government Risk Management Plan (the "Plan"). The Plan provides property, casualty and liability coverage.

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

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the Basis of Accounting section of this Note, These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements. Following are more of the Township's accounting policies.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service. The Township has no business-type activities.

The statement of net position presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the programs goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into one category: governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds for 2014 and 2013 are the General Fund, Road & Bridge Fund, General Fire Fund, Fire Levy Fund and Capital Projects Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Road and Bridge Fund is used for the maintenance and up keep of roads. The General Fire Fund and Fire Levy Fund collects monies used for fire protection. The Capital Projects Fund collected transfers from the General Fund to be used for construction projects but that legislation was rescinded in 2014. The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note. There were no modifications having substantial support.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

All funds, except agency funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and set limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sale of investments are not recorded as receipts. Gains and losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2014 and 2013, the Township invested in STAR Ohio.

STAR Ohio is an investment pool, managed by the State Treasurers Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1990. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2014 and 2013, respectively.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments (Continued)

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2014 and 2013 was \$1,004 and \$900, respectively.

Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Amounts restricted for other purposes represents special revenue funds restricted to a specific use.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Note 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include gasoline tax receipts used for the upkeep of Township roads and bridges, real estate tax used for fire protection and cemetery operations, permissive tax used for upkeep of roads.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted – Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees removes or change the specified use by taking the same type of action (resolution) it employed to previously commit the amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual-Budgetary Basis presented for the General Fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The differences between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance. There were no outstanding encumbrances at year-end for 2014 and 2013, respectively.

4. DEPOSITS

Monies held by the Township are classified by State into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuance of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligation of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligation described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the fiscal officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Township did not have any undeposited cash on hand for 2014 and 2013.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

Deposits:

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments:

As of December 31, 2014 and 2013, the Township had the following investments:

Investment Type	Fair Value	Maturity
STAR Ohio - 2014	\$ 465,280	Less Than 1 Yr.
STAR Ohio - 2013	\$ 564,455	Less Than 1 Yr.

Interest Rate Risk – Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township’s investment policy addresses interest rate risk by requiring the Township’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short term investments.

Credit Risk – STAR Ohio carries a rating of AAAM by Standards and Poor’s. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which state “payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Concentration of Credit Risk – The Township places no limit on the amount it may invest in any one issuer. Star Ohio represents 100% of all investments as of December 31, 2014 and 2013, respectively.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2014 for real and public utility property taxes represent collections of 2013 taxes.

2014 real property taxes are levied after October 1, 2014, on assessed value at January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes which became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2014, was 5.20 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2014 property tax receipts were based are as follows:

Real Property	\$ 63,488,290
Public Utility Personal Property	2,631,150
Total Assessed Value	<u>\$ 66,119,440</u>

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township pays the State Workers' Compensation System a premium based on a rate of per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) – formerly known as 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 Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

6. RISK MANAGEMENT (Continued)

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses of the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013, respectively.

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 years.

The Pools audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2013 the latest information available.

	2012	2013
Assets	\$ 13,100,381	\$ 13,774,304
Liabilities	(6,687,193)	(7,968,395)
Retained Earnings	\$ 6,413,188	\$ 5,805,909

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined plans. Members of the Member-Directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety officers participate in only the traditional plan. The 2014 member contribution rates were 10.00% of earnable salary for members in state and local classifications. Public safety and law enforcement members contributed 12.00% and 13.00%, respectively. The 2014 employer contribution rate for state and local employers was 14.00% of earnable salary. The law enforcement and public safety division employer contribution rate was 18.10%. Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records.

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$35,335, \$36,817, and \$37,030, respectively. The full amount has been contributed for 2014, 2013 and 2012.

In June 2012, the Government Accounting Standards Board (GASB) issued GASB Statement No. 68, "Accounting and Financial Reporting for Pensions". This accounting standard replaces GASB Statement 27, and it is effective for employer fiscal years beginning after June 15, 2014. OPERS recommends employers begin a dialog with their external auditors to determine the impact this standard will have on financial statements

8. POSTEMPLOYMENT BENEFITS

**Ohio Public Employees Retirement System
Plan Description**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans; The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45. OPERS eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see Plan Statement in the OPERS 2013 CAFR for details.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

8. POSTEMPLOYMENT BENEFITS (Continued)

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at a rate at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund the OPEB plan.

OPERS' Post-employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 401(h). each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$5,045, \$5,257, and \$5,288, respectively; the full amount has been contributed for 2014, 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0% of the employer contributions toward the health care fund after the end of the transition period.

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

9. DEBT

The Township's long-term debt activity for the year ended December 31, 2014 was as follows:

Governmental	Balance January 1 2013	Additions	Deductions	Balance December 31 2014	Amount Due Within One Year
Pierce Tanker	\$ 218,997	\$ -	\$ 107,867	\$ 111,130	\$ 54,593
Case Loader		64,842	21,120	43,722	21,610
Total	<u>\$ 219,997</u>	<u>\$ 64,842</u>	<u>\$ 128,987</u>	<u>\$ 154,852</u>	<u>\$ 76,203</u>

On August 31, 2011, the Township entered into a lease-purchase agreement with Capital One Funding to acquire a Pierce Tanker fire truck. Payments are made semi-annually in the amount of 29,019 over five years. Interest is being charged at a rate of 3.53%

On May 8, 2013, the Township entered into a agreement with Kansas State Bank to acquire a 2013 Case Loader Backhoe. Payments are made annually in the amount of \$22,625 for three years. Interest is being charged at a rate of 2.32%

The following is a summary of the Township's future annual debt service requirements:

Year	Pierce Tanker		Case Loader Backhoe	
	Principal	Interest	Principal	Interest
2015	\$ 54,593	\$ 3,445	\$ 21,610	\$ 1,014
2016	56,537	1,501	22,112	513
Total	<u>\$ 111,130</u>	<u>\$ 4,946</u>	<u>\$ 43,722</u>	<u>\$ 1,527</u>

10. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for major governmental funds and all other governmental funds as of December 31, 2014 are presented below:

Fund Balance	General	Road & Bridge	General Fire Fund	Fire Levy	Other Governmental Funds
Restricted					
Fire & EMS	\$ -	\$ -	\$ 50,281	\$ 79,810	\$ -
Road & Bridge Maint	-	132,824	-	-	72,672
Total Restricted	<u>-</u>	<u>132,824</u>	<u>50,281</u>	<u>79,810</u>	<u>72,672</u>
Unassigned	326,172	-	-	-	-
Total Fund Balances	<u>\$ 326,172</u>	<u>\$ 132,824</u>	<u>\$ 50,281</u>	<u>\$ 79,810</u>	<u>\$ 72,672</u>

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

10. FUND BALANCES (Continued)

Fund Balance	Total
Restricted	
Fire & EMS	\$ 130,091
Road & Bridge Maint	205,496
Total Restricted	<u>335,587</u>
Unassigned	326,172
Total Fund Balances	<u>\$ 661,759</u>

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for major governmental funds and all other governmental funds as of December 31, 2013 are presented below:

Fund Balance	General	Road & Bridge	General Fire Fund	Fire Levy	Capital Projects
Restricted					
Fire & EMS	\$ -	\$ -	\$ 84,101	\$ 98,901	\$ -
Road & Bridge Maint	-	108,323	-	-	-
Total Restricted	<u>-</u>	<u>108,323</u>	<u>84,101</u>	<u>98,901</u>	<u>-</u>
Committed					
Capital Improvements	-	-	-	-	160,000
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,000</u>
Unassigned	227,672	-	-	-	-
Total Fund Balances	<u>\$ 227,672</u>	<u>\$ 108,323</u>	<u>\$ 84,101</u>	<u>\$ 98,901</u>	<u>\$ 160,000</u>

Fund Balance	Other Governmental Funds	Total
Restricted		
Fire & EMS	\$ -	\$ 183,002
Road & Bridge Maint	30,979	139,302
Total Restricted	<u>30,979</u>	<u>322,304</u>
Committed		
Capital Improvements	-	160,000
Total Committed	<u>-</u>	<u>160,000</u>
Unassigned	-	227,672
Total Fund Balances	<u>\$ 30,979</u>	<u>\$ 709,976</u>

**MADISON TOWNSHIP
LICKING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

11. TRANSFERS

During 2013 the General Fund transferred \$80,000 to the Capital Improvement Fund per legislation passed by the Trustees to develop and fund a capital projects fund for future use. Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In 2014, the previously passed legislation was rescinded and the funds in the amount of \$240,000 were transferred back to the General Fund.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Madison Township
Licking County
3153 Beal Road SE
Newark, Ohio 43056

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Madison Township, Licking County as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated March 18, 2015, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles..

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Madison Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Madison 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, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
March 18, 2015

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Dave Yost • Auditor of State

MADISON TOWNSHIP

LICKING 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 11, 2015**