



OHIO AUDITOR OF STATE
KEITH FABER



**MAD RIVER TOWNSHIP
CLARK COUNTY
DECEMBER 31, 2020 AND 2019**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types – For the Year Ended December 31, 2020	5
Notes to the Financial Statement – For the Year Ended December 31, 2020	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types – For the Year Ended December 31, 2019	15
Notes to the Financial Statement – For the Year Ended December 31, 2019	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings.....	27
Summary Schedule of Prior Audit Findings (Prepared by Management).....	29

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Mad River Township
Clark County
260 East Main Street
PO Box 34
Enon, Ohio 45323

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and December 31, 2019, and related notes of the Mad River Township, Clark County, Ohio (the Township).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 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 such 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.

Summary of Opinions

Opinion Unit	Type of Opinion
General Fund	Adverse/Unmodified
Special Revenue Fund	Adverse/Unmodified
Debt Service Fund	Adverse/Unmodified
Capital Projects Fund	Adverse/Unmodified
Permanent Fund	Adverse

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Adverse Opinion and Unmodified Opinions* paragraphs below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Basis for Adverse Opinion on the Permanent Fund

The Township reported the Cemetery Bequest Fund activity and fund cash balance of \$4,850 and \$4,804 at December 31, 2020 and 2019, respectively, in the Permanent Fund, which represents 100 percent of the activity and fund cash balance of the Permanent Fund, without maintaining the trust agreements to support this fund classification. We were unable to obtain sufficient appropriate audit evidence to support the reporting of the activity and fund cash balance as Permanent Fund Cemetery Bequest Fund. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Adverse Opinion

In our opinion, because of the significance of the matter described in the *Basis for Adverse Opinion on the Permanent Fund* paragraph, the financial statements referred to above do not present fairly the cash balances, receipts and disbursements of the Permanent Fund of the Township, as of December 31, 2020 and 2019.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the General, Special Revenue, Debt Service, and Capital Projects Funds, and related notes of Mad River Township, Clark County as of December 31, 2020 and 2019, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the 2020 and 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2022, 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. 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.



Keith Faber
Auditor of State
Columbus, Ohio

February 17, 2022

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Mad River Township
 Clark County, Ohio
 Combined Statement of Receipts, Disbursements
 and Changes in Fund Balances (Regulatory Cash Basis)
 All Governmental Fund Types
 For the Year Ended December 31, 2020

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$117,507	\$1,209,832	\$0	\$160,187	\$0	\$1,487,526
Charges for Services	0	301,604	0	0	0	301,604
Licenses, Permits and Fees	60,298	83,887	0	0	0	144,185
Fines and Forfeitures	1,740	0	0	0	0	1,740
Intergovernmental	56,309	748,632	0	24,676	0	829,617
Special Assessments	0	24,819	0	0	0	24,819
Earnings on Investments	14,540	5,298	0	0	46	19,884
Miscellaneous	22,679	119,978	0	0	0	142,657
<i>Total Cash Receipts</i>	<u>273,073</u>	<u>2,494,050</u>	<u>0</u>	<u>184,863</u>	<u>46</u>	<u>2,952,032</u>
Cash Disbursements						
Current:						
General Government	203,318	2,450	0	0	0	205,768
Public Safety	0	1,331,432	0	0	0	1,331,432
Public Works	0	362,927	0	0	0	362,927
Health	0	83,879	0	0	0	83,879
Capital Outlay	0	460,468	0	263,323	0	723,791
Debt Service:						
Principal Retirement	0	24,340	133,352	0	0	157,692
Interest and Fiscal Charges	0	5,375	11,479	0	0	16,854
<i>Total Cash Disbursements</i>	<u>203,318</u>	<u>2,270,871</u>	<u>144,831</u>	<u>263,323</u>	<u>0</u>	<u>2,882,343</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>69,755</u>	<u>223,179</u>	<u>(144,831)</u>	<u>(78,460)</u>	<u>46</u>	<u>69,689</u>
Other Financing Receipts (Disbursements)						
Transfers In	0	0	144,831	0	0	144,831
Transfers Out	0	(31,044)	0	(113,787)	0	(144,831)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(31,044)</u>	<u>144,831</u>	<u>(113,787)</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	69,755	192,135	0	(192,247)	46	69,689
<i>Fund Cash Balances, January 1</i>	<u>1,529,347</u>	<u>2,171,111</u>	<u>0</u>	<u>489,260</u>	<u>4,804</u>	<u>4,194,522</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,599,102</u>	<u>\$2,363,246</u>	<u>\$0</u>	<u>\$297,013</u>	<u>\$4,850</u>	<u>\$4,264,211</u>

See accompanying notes to the financial statement

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Mad River Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Mad River Township, Clark 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, fire protection and emergency medical services. The Township contracts with the Clark County Sheriff to provide police protection.

Joint Venture and Public Entity Risk Pool

The Township participates in a joint venture with Green Township for the operation of the Husted Fire and Emergency Medical Services Department. Note 11 to the financial statement provides additional information for this joint venture. The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statement provides additional information for this risk pool. The Township’s management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

Enon Emergency Medical Services Fund This fund receives property tax money, donations and charges for services to pay for the operation and maintenance of the Enon Emergency Medical Services Department.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

Husted Fire Truck Bond Retirement Fund This fund receives transfers and accounts for the retirement of debt issued to finance a fire truck.

Mad River Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2020

Road Equipment Bond Retirement Fund This fund receives transfers and accounts for the retirement of debt issued to finance road equipment.

Enon EMS Fire Bond Retirement Fund This fund receives transfers and accounts for the retirement of debt issued to finance a fire truck and related equipment.

Capital Projects Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital projects fund:

Fire and EMS Equipment and Building Fund This fund receives property tax money, for providing and maintaining fire apparatus, ambulance equipment and buildings.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Bequest Fund This fund is based upon donor-imposed restrictions.

The Township has a Cemetery Bequest Fund; however a trust agreement was not available to support the permanent fund classification.

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

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

Mad River Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2020

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

The Township has no investments. A summary of deposits appears in Note 4.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

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 Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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 Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

Mad River Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2020

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$256,541	\$273,073	\$16,532
Special Revenue	2,062,187	2,494,050	431,863
Debt Service	144,831	144,831	0
Capital Projects	196,952	184,863	(12,089)
Permanent	100	46	(54)
Total	\$2,660,611	\$3,096,863	\$436,252

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,210,914	\$206,535	\$1,004,379
Special Revenue	3,394,526	2,458,777	935,749
Debt Service	144,831	144,831	0
Capital Projects	537,287	404,458	132,829
Permanent	0	0	0
Total	\$5,287,558	\$3,214,601	\$2,072,957

Note 4 – Deposits

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$3,348,979
Other time deposits (savings and NOW accounts)	915,232
Total deposits	\$4,264,211

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflects net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$5,300 in unremitted employee payroll withholdings.

Mad River Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2020

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction 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.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Interfund Balances

Outstanding advances at December 31, 2020, consisted of \$30,000 advanced to the Roads Special Levy Fund from the General Fund in September 2015 to provide monies for road projects.

Note 7 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

Mad River Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2020

Workers' Compensation

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Township 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$282,559	2.29% - 2.93%
Lease	92,476	4.85%
Total	\$375,035	

Mad River Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2020

Bonds

The Township issued general obligation bonds in October 2016 to finance the purchase of a new fire truck for the Husted Fire Department, which is the Township’s joint venture. The bonds will be repaid with annual principal and interest payments, beginning in June 2017 and ending in June 2021.

The Township issued general obligation bonds in January 2017 to finance the purchase of a new dump truck for the Township road department. The bonds will be repaid with annual principal and interest payments, beginning in January 2018 and ending in January 2022.

The Township issued general obligation bonds in May 2018 to finance the purchase of a new fire truck for the Enon Fire Department. The bonds will be repaid with annual principal and interest payments, beginning in May 2018 and ending in May 2023.

Leases

The Township leases a garage building. The Township disbursed \$29,715 to pay lease costs for the year ending December 31, 2020.

Amortization

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

Year Ending December 31:	Leases	General Obligation Bonds
2021	\$29,714	\$144,831
2022	29,714	97,035
2023	29,714	65,991
2024	12,340	0
Total	<u>\$101,482</u>	<u>\$307,857</u>

Note 11 – Joint Venture

Based on an agreement, written by the Clark County Prosecutors Office, signed and dated on December 5, 2001 by the Green Township and Mad River Township Trustees, the Trustees entered into a joint venture to mutually share all expenses for the operation of the Husted Fire and Emergency Medical Services Departments.

This agreement was based on Ohio Revised Code Section 505.37(B), which authorizes Boards of Township Trustees to unite in the joint purchase, maintenance, use and operation of firefighting and emergency medical services equipment. This agreement states in part, that the funding for operation of the two departments shall be apportioned equally between the two Townships.

Mad River Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2020

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Permanent	Total
Nonspendable:						
Corpus					\$2,800	\$2,800
Outstanding Encumbrances	\$3,217	\$156,862	\$0	\$27,348		187,427
Total	<u>\$3,217</u>	<u>\$156,862</u>	<u>\$0</u>	<u>\$27,348</u>	<u>\$2,800</u>	<u>\$190,227</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 15 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Mad River Township
Clark County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$104,748	\$1,183,236	\$0	\$158,382	\$0	\$1,446,366
Charges for Services	0	329,204	0	0	0	329,204
Licenses, Permits and Fees	59,026	77,937	0	0	0	136,963
Fines and Forfeitures	1,190	0	0	0	0	1,190
Intergovernmental	60,101	312,216	0	25,233	0	397,550
Special Assessments	0	457	0	0	0	457
Earnings on Investments	39,666	12,388	0	0	122	52,176
Miscellaneous	5,832	82,380	0	0	0	88,212
<i>Total Cash Receipts</i>	<u>270,563</u>	<u>1,997,818</u>	<u>0</u>	<u>183,615</u>	<u>122</u>	<u>2,452,118</u>
Cash Disbursements						
Current:						
General Government	250,468	0	0	0	0	250,468
Public Safety	0	1,106,073	0	0	0	1,106,073
Public Works	0	295,980	0	0	0	295,980
Health	0	76,566	0	0	0	76,566
Conservation-Recreation	3,205	0	0	0	0	3,205
Capital Outlay	0	400,566	0	34,156	0	434,722
Debt Service:						
Principal Retirement	0	23,202	129,861	0	0	153,063
Interest and Fiscal Charges	0	6,513	14,970	0	0	21,483
<i>Total Cash Disbursements</i>	<u>253,673</u>	<u>1,908,900</u>	<u>144,831</u>	<u>34,156</u>	<u>0</u>	<u>2,341,560</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>16,890</u>	<u>88,918</u>	<u>(144,831)</u>	<u>149,459</u>	<u>122</u>	<u>110,558</u>
Other Financing Receipts (Disbursements)						
Sale of Capital Assets	0	200	0	0	0	200
Transfers In	0	0	144,831	0	0	144,831
Transfers Out	0	(31,044)	0	(113,787)	0	(144,831)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>(30,844)</u>	<u>144,831</u>	<u>(113,787)</u>	<u>0</u>	<u>200</u>
<i>Net Change in Fund Cash Balances</i>	16,890	58,074	0	35,672	122	110,758
<i>Fund Cash Balances, January 1</i>	<u>1,512,457</u>	<u>2,113,037</u>	<u>0</u>	<u>453,588</u>	<u>4,682</u>	<u>4,083,764</u>
Fund Cash Balances, December 31						
Nonspendable	0	0	0	0	2,800	2,800
Restricted	0	2,032,650	0	489,260	2,004	2,523,914
Committed	0	138,461	0	0	0	138,461
Assigned	963,952	0	0	0	0	963,952
Unassigned	565,395	0	0	0	0	565,395
<i>Fund Cash Balances, December 31</i>	<u>\$1,529,347</u>	<u>\$2,171,111</u>	<u>\$0</u>	<u>\$489,260</u>	<u>\$4,804</u>	<u>\$4,194,522</u>

See accompanying notes to the financial statement

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Mad River Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Mad River Township, Clark 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, fire protection and emergency medical services. The Township contracts with the Clark County Sheriff to provide police protection.

Joint Venture and Public Entity Risk Pool

The Township participates in a joint venture with Green Township for the operation of the Husted Fire and Emergency Medical Services Department. Note 11 to the financial statement provides additional information for this joint venture. The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statement provides additional information for this risk pool. The Township’s management believes this financial statement presents all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

Enon Emergency Medical Services Fund This fund receives property tax money, donations and charges for services to pay for the operation and maintenance of the Enon Emergency Medical Services Department.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

Husted Fire Truck Bond Retirement Fund This fund receives transfers and accounts for the retirement of debt issued to finance a fire truck.

Mad River Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2019

Road Equipment Bond Retirement Fund This fund receives transfers and accounts for the retirement of debt issued to finance road equipment.

Enon EMS Fire Bond Retirement Fund This fund receives transfers and accounts for the retirement of debt issued to finance a fire truck and related equipment.

Capital Projects Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital projects fund:

Fire and EMS Equipment and Building Fund This fund receives property tax money, for providing and maintaining fire apparatus, ambulance equipment and buildings.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Bequest Fund This fund is based upon donor-imposed restrictions.

The Township has a Cemetery Bequest Fund; however a trust agreement was not available to support the permanent fund classification.

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

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

Mad River Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2019

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

The Township has no investments. A summary of deposits appears in Note 4.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

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 Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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 Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

Mad River Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$230,471	\$270,563	\$40,092
Special Revenue	1,946,382	1,998,018	51,636
Debt Service	144,831	144,831	0
Capital Projects	182,517	183,615	1,098
Permanent	80	122	42
Total	\$2,504,281	\$2,597,149	\$92,868

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,362,945	\$257,737	\$1,105,208
Special Revenue	2,885,743	2,001,116	884,627
Debt Service	144,831	144,831	0
Capital Projects	526,787	147,943	378,844
Permanent	0	0	0
Total	\$4,920,306	\$2,551,627	\$2,368,679

Note 4 – 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:

	2019
Demand Deposits	\$3,283,399
Other Time Deposits (savings and NOW accounts)	911,123
Total Deposits	\$4,194,522

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Mad River Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2019

Note 5 – Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction 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.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Interfund Balances

Outstanding advances at December 31, 2019, consisted of \$30,000 advanced to the Roads Special Levy Fund from the General Fund in September 2015 to provide monies for road projects.

Note 7 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Mad River Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2019

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Township 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

Social Security

Some Township employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 10 – Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$415,911	2.29 - 3.91%
Lease	<u>116,816</u>	4.85
Total	<u><u>\$532,727</u></u>	

Bonds

The Township issued general obligation bonds in October 2016 to finance the purchase of a new fire truck for the Husted Fire Department, which is the Township’s joint venture. The bonds will be repaid with annual principal and interest payments, beginning in June 2017 and ending in June 2021.

The Township issued general obligation bonds in January 2017 to finance the purchase of a new dump truck for the Township road department. The bonds will be repaid with annual principal and interest payments, beginning in January 2018 and ending in January 2022.

Mad River Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2019

The Township issued general obligation bonds in May 2018 to finance the purchase of a new fire truck for the Enon Fire Department. The bonds will be repaid with annual principal and interest payments, beginning in May 2018 and ending in May 2023.

Leases

The Township leases a garage building. The Township disbursed \$29,715 to pay lease costs for the year ending December 31, 2019.

Amortization

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

Year Ending December 31:	Leases	General Obligation Bonds
2020	\$29,714	\$144,831
2021	29,714	144,831
2022	29,714	97,035
2023	29,714	65,991
2024	12,340	0
Total	\$131,196	\$452,688

Note 11 – Joint Venture

Based on an agreement, written by the Clark County Prosecutors Office, signed and dated on December 5, 2001 by the Green Township and Mad River Township Trustees, the Trustees entered into a joint venture to mutually share all expenses for the operation of the Hustead Fire and Emergency Medical Services Departments.

This agreement was based on Ohio Revised Code Section 505.37(B), which authorizes Boards of Township Trustees to unite in the joint purchase, maintenance, use and operation of firefighting and emergency medical services equipment. This agreement states in part, that the funding for operation of the two departments shall be apportioned equally between the two Townships.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Mad River Township
Clark County
Notes to the Financial Statement
For the Year Ended December 31, 2019

Note 13 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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

Mad River Township
Clark County
260 East Main Street
PO Box 34
Enon, Ohio 45323

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and the related notes of Mad River Township, Clark County, (the Township) and have issued our report thereon dated February 17, 2022, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also issued an adverse opinion on the Permanent Fund due to lack of sufficient appropriate audit evidence supporting the amounts recorded as Permanent Fund Cemetery Bequest Fund. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing 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 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 of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

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 financial statements. However, opining 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 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 17, 2022

**MAD RIVER TOWNSHIP
CLARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Material Weakness – Cemetery Bequest Fund - Trust Agreements

The Township presented a Cemetery Bequest Fund as a Permanent Fund but did not maintain original trust agreements to support the fund / account classification for financial reporting. Due to the lack of documentation, we were unable to obtain sufficient audit evidence to support the activity and fund cash balances reported in the permanent fund.

The Cemetery Bequest Fund represented 100% of the Permanent Fund activity and fund balances, with fund cash balances of \$4,850 and \$4,804 at December 31, 2020 and 2019, respectively. Without the original trust agreement, it is not possible to determine whether the Cemetery Bequest Fund should be presented as a Permanent Fund (a benefit to the Township) or as a Private Purpose Trust Fund (a benefit to other organizations, governments, or individuals). In addition, the lack of a trust agreement may be an indication that this fund can be completely spent, which would result in the Fund being classified as a Special Revenue Fund. The inability to determine if this activity and fund balances were properly reported resulted in a modified opinion on the Township's financial statements.

The Township should consult their Legal Counsel for legal advice about how to proceed with the money in this fund. For any new trust funds received, the Township should retain copies of the documentation establishing these trust funds to identify the original principal and purpose of each Trust. In addition, the Township would be able to identify whether or not the principal must be maintained in perpetuity and whether or not the trust is to benefit the entity or other organizations, governments, or individuals. Furthermore, the Township should review Governmental Accounting Standards Board (GASB) 1300 (GASB 54 codification), Auditor of State Bulletin 2011-004, and Auditor of State Bulletin 2020-003 (GASB 84 bulletin) for fund classification guidance.

Officials' Response:

We did not receive a response from Officials to this finding.

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MAD RIVER TOWNSHIP

260 East Main Street
P.O. Box 34
Enon, Ohio 45323
Office (937)864-7429
Fiscal Officer, David J Rudy
TRUSTEES: Robert W McClure • Todd Pettit • Jay Young

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	ORC § 5705.42 - Failure to record OPWC on-behalf payments	Fully Corrected	OPWC payments were entered in 2021 and will be going forward
2018-002	Financial Reporting - Failure to properly classify various financial activity in the accounting records and financial statements	Partially Corrected	Continuous improvement in this areas using past notifications. Partially repeated in Management Letter
2018-003	Cemetery Bequest Fund - Lack of trust agreements	Not Corrected	Repeated as Finding 2020-001
2018-004	Medicount Management Reconciliations - Failure to reconcile Medicount Management client snapshots	Fully Corrected	Statements are reconciled monthly
2018-005	ORC § 505.24(A)(6) and ORC § 505.24(B) – Finding for Recovery for overpaid Trustee	Fully Corrected	

OHIO AUDITOR OF STATE KEITH FABER



MAD RIVER TOWNSHIP

CLARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 3/10/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov