

OHIO AUDITOR OF STATE
KEITH FABER



**Madison Township
Fairfield County, Ohio**

**Fiscal Emergency Analysis
As of December 31, 2023 and June 30, 2024**

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**Madison Township, Fairfield County
Fiscal Emergency Analysis**

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Declaration of Fiscal Emergency

The Auditor of State performed a fiscal analysis of Madison Township pursuant to Section 118.03 of the Ohio Revised Code. This analysis indicates and it is hereby declared that a fiscal emergency exists at Madison Township as defined in Sections 118.03(A)(5) and 118.03(B) of the Ohio Revised Code.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted and filed with Chad Frank, President of the Board of Trustees of Madison Township, Mike DeWine, Governor; Robert Sprague, Treasurer of State; Kim Murnieks, Director of the Office of Budget and Management and Dr. Carri L. Brown, Secretary of the Fairfield County Budget Commission.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 19, 2024

Madison Township, Fairfield County
Fiscal Emergency Analysis

Introduction

As provided by Sections 118.021 and 118.04(A) of the Ohio Revised Code, the Board of Trustees requested that a fiscal analysis be performed by the Auditor of State for Madison Township, Fairfield County (the Township). The purpose of the analysis is to determine if the financial condition of the Township justifies the declaration of a fiscal watch or emergency.

A township is placed in fiscal emergency if any one of the six conditions described in Section 118.03 of the Ohio Revised Code exists. The six conditions are: 1) default on a debt obligation; 2) failure to make payment of all payroll; 3) an increase in the minimum levy of the township which results in the reduction in the minimum levy of another subdivision; 4) significant past due accounts payable; 5) substantial deficit balances in township funds; and 6) a sizeable deficiency when the township's treasury balance is compared to the positive cash balances of the township's funds.

The year-end conditions described under Conditions four, five, and six do not constitute a fiscal emergency if the Township clearly demonstrates to the satisfaction of the Auditor of State prior to the time of the Auditor of State's determination that the conditions no longer exist at the time of the determination.

This report identifies the procedures performed and the conclusions reached with respect to each condition as of December 31, 2023, and June 30, 2024, the date of determination.

Condition One – Default on Any Debt Obligation

Section 118.03(A)(1) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

The Township had no debt outstanding as of June 30, 2024.

Conclusion: A fiscal emergency condition does not exist under Ohio Revised Code Section 118.03(A)(1).

Condition Two – Payment of All Payroll

Section 118.03(A)(2) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation, county, or township in the amounts and at the times required by laws, ordinances, resolutions, or agreements, which failure of payment has continued:

- (a) For more than thirty days after such time for payment, or
- (b) Beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than thirty days by the written consent of at least two-thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

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We reviewed the payroll records of the Township as of June 30, 2024. We reviewed the Township Trustee's ordinances and other personnel records to determine the employees of the Township, pay rates, frequency of payroll, and whether any extensions for the payment of payroll exist. We reviewed payroll reports to determine whether Township employees had been paid within the time specified by Section 118.03(A)(2) of the Ohio Revised Code.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Ohio Revised Code as of June 30, 2024. All employees have been paid in amounts and at the times required by Township resolutions.

Condition Three – Increase in Minimum Levy

Section 118.03(A)(3) of the Ohio Revised Code defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation, county, or township for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Fairfield County Budget Commission whether there had been an increase, pursuant to division (D) of Section 5705.31 of the Ohio Revised Code, in the minimum levy of the Township for 2024, which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Fairfield County Budget Commission indicated that the Budget Commission had not taken any action in 2024 to increase the inside millage of the Township and, therefore, no other subdivision's inside millage was reduced.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Ohio Revised Code as of June 30, 2024. The Fairfield County Budget Commission has not taken any action to increase the inside millage of the Township, thus reducing another subdivision's millage.

Condition Four – Past Due Accounts Payable from the General Fund and All Funds

Section 118.03(A)(4) of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year-end balance in the general fund, exceeded one-sixth of the general fund budget for that year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation, county, or township and that either had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund and in the respective special funds lawfully available to pay such accounts, exceeded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable. Accounts due and payable shall not include any account, or portion thereof, that is being contested in good faith.

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We prepared a schedule of accounts payable as of December 31, 2023, that were due and payable from the general fund, and that had been due and payable for at least thirty days or to which a penalty had been added for failure to pay as of December 31, 2023, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities, including any interest and penalties. From this amount, we subtracted the year-end fund balance available in the general fund to determine if the accounts payable in excess of the available fund balance exceeded one-sixth of the general fund budget for that year.

Schedule I

General Fund Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.03(A)(4)
As of December 31, 2023

Fund	Payables Over 30 Days Past Due	General Fund Balance Available	Payables in Excess of Available Balance	One-Sixth of General Fund Budget	Accounts Payable in Excess of General Fund Budget
General Fund	\$12,549	\$0	\$12,549	\$13,254	\$0

We prepared a schedule of accounts payable (as defined above) for all funds which were at least thirty days past due or to which a penalty was added as of December 31, 2023. From this amount, we subtracted the year-end fund balance available to pay such outstanding bills. We then determined if the accounts payable in excess of the available fund balance exceeded one-sixth of the available revenues during 2023, excluding non-recurring receipts of the general fund and of all special funds from which such accounts are lawfully payable.

Schedule II

All Funds Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.03(A)(4)
As of December 31, 2023

Fund	Payables Over 30 Days Past Due	Fund Balance Available	Payables in Excess of Available Balance	One-Sixth of Available Budget/Revenues	Accounts Payable in Excess of Available Budget/Revenues
General	\$12,549	\$0	\$0	\$13,254	\$0
MVL Tax	109	25,475	0	1,984	0
Gasoline Tax	11,011	256,127	0	31,175	0
Road and Bridge	8,885	204,877	0	15,354	0
	\$32,554	\$486,479	\$0	\$61,767	\$0

Conclusion: Schedules I and II indicate that a fiscal emergency condition does not exist under Sections 118.03(A)(4) of the Ohio Revised Code as of December 31, 2023.

Condition Five – Deficit Fund Balances

Section 118.03(A)(5), of the Ohio Revised Code defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet

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Fiscal Emergency Analysis**

such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds as of December 31, 2023, by subtracting all accounts payable and encumbrances from the year-end cash fund balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-sixth of the general fund budget and the receipts of those deficit funds. We then identified funds that may be transferred, as provided in Section 5705.14 of the Ohio Revised Code, to meet such deficits to arrive at the unprovided portion of the aggregate deficit.

Schedule III

Deficit Fund Balance
Ohio Revised Code Section 118.03(A)(5)
As of December 31, 2023

Fund	Cash Fund Balance	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Funds With Deficit Balance	One-Sixth General Fund Budget	Unprovided Portion of Aggregate Deficit
General Fund	(\$51,660)	\$13,544	(\$65,204)	\$13,254	(\$51,950)
Funds Available for Transfer					0
Total Unprovided Portion of Aggregate Deficit Funds					(\$51,950)

Section 118.03(B) of the Ohio Revised Code provides in part:

Any year-end condition described in division (A)(5) of this section shall not constitute a fiscal emergency condition if the municipal corporation, county, or township clearly demonstrates to the satisfaction of the Auditor of State prior to the time of the Auditor of State’s determination that such condition no longer exists at the time of the determination pursuant to Section 118.04 of the Revised Code. For the purposes of such demonstration, rather than at the end of the fiscal year, and there should be taken into account the moneys and marketable securities in the treasury of the municipal corporation, county, or township at the time of such demonstration that are, in the case of division (A)(5) of this section, held for the general fund or any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, provided that changes from the year-end condition resulting from transfers not authorized pursuant to Chapter 5705 of the Revised Code, borrowings or advances between funds shall not be taken into account to demonstrate improvement in any fiscal emergency condition.

We computed the adjusted aggregate sum of all deficit funds as of June 30, 2024, by subtracting all accounts payable and encumbrances from the June 30, 2024, cash fund balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-sixth of the general fund budget and the receipts of those deficit funds. We then identified funds that may be transferred, as provided in Section 5705.14 of the Ohio Revised Code, to meet such deficits to arrive at the unprovided portion of the aggregate deficit.

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Schedule IV

Deficit Fund Balance
Ohio Revised Code Section 118.03(B)
As of June 30, 2024

Fund	Cash Fund Balance	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Funds With Deficit Balance	One-Sixth General Fund Budget	Unprovided Portion of Aggregate Deficit
General Fund	(\$39,843)	\$21,350	(\$61,193)	\$18,888	(\$42,305)
Funds Available for Transfer					0
Total Unprovided Portion of Aggregate Deficit Funds					(\$42,305)

Conclusion: Schedules III and IV indicate that a fiscal emergency condition exists under Sections 118.03(A)(5) and 118.03(B) of the Ohio Revised Code as of December 31, 2023, and June 30, 2024. The total unprovided portion of the aggregate deficit funds as of December 31, 2023, and June 30, 2024, are (\$51,950) and (\$42,305), respectively.

Condition Six – Treasury Deficiency

Section 118.03(A)(6), of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation, county, or township, minus outstanding checks and warrants, were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet, and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the Township’s reconciled bank balances to its fund cash balances as of December 31, 2023. From the treasury balance, we subtracted the aggregate sum of all positive fund balances, the purpose of which the unsegregated treasury is held to meet to determine the treasury deficit. We then subtracted from the treasury deficit one-sixth of the amount received into the treasury during 2023 to determine if a treasury deficiency exists.

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Schedule V

Treasury Balances
Ohio Revised Code Sections 118.03(A)(6)
As of December 31, 2023

	Amounts at December 31, 2023
Bank Balances	
Primary	\$542,415
<i>Adjustments for:</i>	
Outstanding Checks	(32,375)
<i>Total Treasury Balance</i>	510,040
 Less: Positive Fund Balances	
Motor Vehicle License Tax	25,475
Gasoline Tax	256,127
Road and Bridge	204,877
Fire District	33,220
Road District	45,285
Permissive Motor Vehicle License Tax	27,929
American Rescue Plan	1,032
Total Positive Balances	593,945
Treasury Deficit	(83,905)
One-Sixth Treasury Receipts	100,967
Treasury Receipts in Excess of Treasury Deficit	\$17,062

Conclusion: Schedule V indicates that a fiscal emergency condition does not exist under Section 118.03(A)(6) of the Ohio Revised Code. The treasury deficit did not exceed one-sixth of the treasury receipts at December 31, 2023.

Summary

A fiscal emergency is the existence of at least one of the above defined conditions. This analysis indicates that a fiscal emergency exists at Madison Township as defined in Sections 118.03(A)(5) and 118.03(B) of the Ohio Revised Code as presented in Schedules III and IV above as of December 31, 2023, and June 30, 2024.

Because the above procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you.

OHIO AUDITOR OF STATE KEITH FABER



**MADISON TOWNSHIP
FISCAL EMERGENCY ANALYSIS DECLARATION**

FAIRFIELD 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 12/19/2024

65 East State 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