



**Auditor of State  
Betty Montgomery**



**MADISON TOWNSHIP  
WILLIAMS COUNTY**

TABLE OF CONTENTS

| TITLE  | PAGE |
|--|------|
| Independent Accountants' Report.....   | 1    |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances - All Governmental and Fiduciary Fund Types -<br>For the Year Ended December 31, 2003..... | 3    |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances - All Governmental and Fiduciary Fund Types -<br>For the Year Ended December 31, 2002..... | 4    |
| Notes to the Financial Statements.....   | 5    |
| Independent Accountants' Report on Compliance and on Internal<br>Control Required by <i>Government Auditing Standards</i> .....  | 11   |
| Schedule of Prior Audit Findings .....   | 13   |

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**Auditor of State  
Betty Montgomery**

## **INDEPENDENT ACCOUNTANTS' REPORT**

Madison Township  
Williams County  
14605 County Road O  
Pioneer, Ohio 43554-9737

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township (the Township) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audits of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.01 requires the Auditor of State to provide UAN Services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio Governments.

We believe that our audit provides a reasonable basis for our opinion.

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As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

August 25, 2004

**MADISON TOWNSHIP  
WILLIAMS COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003

|   | <u>Governmental Fund Types</u> |                            |                            | Totals<br>(Memorandum<br>Only) |
|---|--------------------------------|----------------------------|----------------------------|--------------------------------|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Fiduciary<br/>Funds</u> |                                |
| <b>Cash Receipts:</b>   |                                |                            |                            |                                |
| Local Taxes   | \$ 12,539                      | \$ 55,202                  |                            | \$ 67,741                      |
| Intergovernmental   | 22,807                         | 71,422                     |                            | 94,229                         |
| Charges for Services  |                                | 7,486                      |                            | 7,486                          |
| Earnings on Investments   | 686                            | 105                        |                            | 791                            |
| Other Revenue   | 52                             | 5,248                      |                            | 5,300                          |
|   | <u>36,084</u>                  | <u>139,463</u>             |                            | <u>175,547</u>                 |
| <b>Cash Disbursements:</b>  |                                |                            |                            |                                |
| Current:  |                                |                            |                            |                                |
| General Government  | 30,687                         | 15,029                     |                            | 45,716                         |
| Public Safety   |                                | 38,298                     |                            | 38,298                         |
| Public Works  | 29,806                         | 65,350                     |                            | 95,156                         |
| Health  | 4,645                          |                            |                            | 4,645                          |
| Miscellaneous   | 129                            |                            |                            | 129                            |
| Capital Outlay  |                                | 5,528                      |                            | 5,528                          |
|   | <u>65,267</u>                  | <u>124,205</u>             |                            | <u>189,472</u>                 |
| Total Cash Receipts Over<br>Cash Disbursements  | <u>(29,183)</u>                | <u>15,258</u>              |                            | <u>(13,925)</u>                |
| <b>Other Financing Receipts:</b>  |                                |                            |                            |                                |
| Other Sources   | <u>57</u>                      |                            |                            | <u>57</u>                      |
| Excess of Cash Receipts and<br>Other Financing Receipts Over/<br>(Under) Cash Disbursements | <u>(29,126)</u>                | <u>15,258</u>              |                            | <u>(13,868)</u>                |
| Fund Cash Balances, January 1   | <u>45,966</u>                  | <u>61,659</u>              | \$ 60                      | <u>107,685</u>                 |
| <b>Fund Cash Balances, December 31</b>  | <b><u>\$ 16,840</u></b>        | <b><u>\$ 76,917</u></b>    | <b><u>\$ 60</u></b>        | <b><u>\$ 93,817</u></b>        |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MADISON TOWNSHIP  
WILLIAMS COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

|  | <u>Governmental Fund Types</u> |                            |                            | Totals<br>(Memorandum<br>Only) |
|--|--------------------------------|----------------------------|----------------------------|--------------------------------|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Fiduciary<br/>Funds</u> |                                |
| <b>Cash Receipts:</b>  |                                |                            |                            |                                |
| Local Taxes  | \$ 12,292                      | \$ 53,794                  |                            | \$ 66,086                      |
| Intergovernmental  | 60,275                         | 75,106                     |                            | 135,381                        |
| Earnings on Investments  | 1,293                          | 76                         |                            | 1,369                          |
| Other Revenue  | 412                            | 6,871                      |                            | 7,283                          |
|  | <u>74,272</u>                  | <u>135,847</u>             |                            | <u>210,119</u>                 |
| <b>Cash Disbursements:</b>   |                                |                            |                            |                                |
| Current:   |                                |                            |                            |                                |
| General Government   | 29,429                         | 20,877                     |                            | 50,306                         |
| Public Safety  | 9,775                          | 50,998                     |                            | 60,773                         |
| Public Works   | 27,746                         | 46,907                     |                            | 74,653                         |
| Health   | 4,456                          |                            |                            | 4,456                          |
|  | <u>71,406</u>                  | <u>118,782</u>             |                            | <u>190,188</u>                 |
| Total Cash Receipts Over<br>Cash Disbursements                                     | <u>2,866</u>                   | <u>17,065</u>              |                            | <u>19,931</u>                  |
| <b>Other Financing Receipts:</b>   |                                |                            |                            |                                |
| Other Sources  | <u>1,238</u>                   |                            |                            | <u>1,238</u>                   |
| Excess of Cash Receipts and<br>Other Financing Receipts<br>Over Cash Disbursements | 4,104                          | 17,065                     |                            | 21,169                         |
| Fund Cash Balances, January 1  | <u>41,862</u>                  | <u>44,594</u>              | <u>60</u>                  | <u>86,516</u>                  |
| <b>Fund Cash Balances, December 31</b>   | <b><u>\$ 45,966</u></b>        | <b><u>\$ 61,659</u></b>    | <b><u>\$ 60</u></b>        | <b><u>\$ 107,685</u></b>       |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**MADISON TOWNSHIP  
WILLIAMS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Madison Township, Williams County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**MADISON TOWNSHIP  
WILLIAMS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

**2. Special Revenue Funds**

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

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

Special Levy Fire Funds - These funds receive property tax money to pay for fire protection for Township residents.

**3. Fiduciary Funds (Trust and Agency Funds)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Cemetery Trust Fund – This fund consists of bequests which are used to maintain the Township’s cemetery.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**MADISON TOWNSHIP  
WILLIAMS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

**3. Encumbrances**

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

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

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH**

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

|                         | 2003             | 2002              |
|-------------------------|------------------|-------------------|
| Demand deposits         | \$ 88,817        | \$ 102,685        |
| Certificates of deposit | 5,000            | 5,000             |
| Total deposits          | <u>\$ 93,817</u> | <u>\$ 107,685</u> |

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

**MADISON TOWNSHIP  
WILLIAMS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

2003 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance          |
|-----------------|----------------------|--------------------|-------------------|
| General         | \$ 55,500            | \$ 36,141          | \$ (19,359)       |
| Special Revenue | 125,800              | 139,463            | 13,663            |
| Total           | <u>\$ 181,300</u>    | <u>\$ 175,604</u>  | <u>\$ (5,696)</u> |

2003 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance         |
|-----------------|----------------------------|---------------------------|------------------|
| General         | \$ 96,466                  | \$ 65,267                 | \$ 31,199        |
| Special Revenue | 187,459                    | 124,205                   | 63,254           |
| Fiduciary       | 60                         | -                         | 60               |
| Total           | <u>\$ 283,985</u>          | <u>\$ 189,472</u>         | <u>\$ 94,513</u> |

2002 Budgeted vs. Actual Receipts

| Fund Type       | Budgeted<br>Receipts | Actual<br>Receipts | Variance         |
|-----------------|----------------------|--------------------|------------------|
| General         | \$ 65,100            | \$ 75,510          | \$ 10,410        |
| Special Revenue | 129,850              | 135,847            | 5,997            |
| Total           | <u>\$ 194,950</u>    | <u>\$ 211,357</u>  | <u>\$ 16,407</u> |

2002 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type       | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance         |
|-----------------|----------------------------|---------------------------|------------------|
| General         | \$ 108,272                 | \$ 71,406                 | \$ 36,866        |
| Special Revenue | 168,134                    | 118,782                   | 49,352           |
| Fiduciary       | 60                         | -                         | 60               |
| Total           | <u>\$ 276,466</u>          | <u>\$ 190,188</u>         | <u>\$ 86,278</u> |

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback

**MADISON TOWNSHIP  
WILLIAMS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles.
- Errors and omissions.

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Madison Township  
Williams County  
14605 County Road O  
Pioneer, Ohio 43554-9737

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 25, 2004 wherein we noted that the Township's financial transactions were processed on the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 25, 2004.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated August 25, 2004.

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



**Betty Montgomery**  
Auditor of State

August 25, 2004



**MADISON TOWNSHIP  
WILLIAMS COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002

| Finding Number | Finding Summary   | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i> |
|----------------|---|------------------|--|
| 2001-40186-001 | Expenditures exceeded appropriations in the Capital Projects Fund | Yes              |  |





**Auditor of State  
Betty Montgomery**

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**MADISON TOWNSHIP**

**WILLIAMS 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  
SEPTEMBER 21, 2004**