



**Auditor of State  
Betty Montgomery**



**MADISON TOWNSHIP  
BUTLER COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Madison Township  
Butler County  
1504 Middletown Eaton Road  
Middletown, Ohio 45042

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Butler County, Ohio (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 audit 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 § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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

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 and reserves for encumbrances 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 September 13, 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 the audit committee, management, the Board 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 13, 2004

**MADISON TOWNSHIP  
BUTLER 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>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>						
Local Taxes	\$67,151	\$367,348	\$20,213	\$0	\$0	\$454,712
Intergovernmental	352,203	128,193	0	0	0	480,396
Special Assessments	0	0	0	2,170	0	2,170
Licenses, Permits, and Fees	0	4,358	0	0	0	4,358
Fines, Forfeitures, and Penalties	2,388	0	0	0	0	2,388
Earnings on Investments	5,992	405	0	0	10	6,407
Other Revenue	332,534	10,272	0	0	0	342,806
<b>Total Cash Receipts</b>	<u>760,267</u>	<u>510,577</u>	<u>20,213</u>	<u>2,170</u>	<u>10</u>	<u>1,293,238</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	401,776	106	0	0	0	401,882
Public Safety	120,000	102,449	0	0	0	222,449
Public Works	7,685	283,796	0	2,244	0	293,725
Health	4,626	9,732	0	0	0	14,358
Debt Service:						
Redemption of Principal	0	0	20,000	0	0	20,000
Interest and Fiscal Charges	0	0	2,250	0	0	2,250
Capital Outlay	78,030	25,894	0	0	0	103,924
<b>Total Cash Disbursements</b>	<u>612,116</u>	<u>421,978</u>	<u>22,250</u>	<u>2,244</u>	<u>0</u>	<u>1,058,589</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>148,151</u>	<u>88,599</u>	<u>(2,037)</u>	<u>(74)</u>	<u>10</u>	<u>234,649</u>
<b>Other Financing Receipts and (Disbursements):</b>						
Transfers-In	0	0	36	0	0	36
Advances-In	40,000	20,000	20,000	0	0	80,000
Transfers-Out	(36)	0	0	0	0	(36)
Advances-Out	(40,000)	(20,000)	(20,000)	0	0	(80,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(36)</u>	<u>0</u>	<u>36</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>148,115</u>	<u>88,599</u>	<u>(2,001)</u>	<u>(74)</u>	<u>10</u>	<u>234,649</u>
<b>Fund Cash Balances, January 1</b>	<u>484,921</u>	<u>68,376</u>	<u>2,001</u>	<u>1,472</u>	<u>1,046</u>	<u>557,815</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$633,035</b></u>	<u><b>\$156,975</b></u>	<u><b>\$0</b></u>	<u><b>\$1,398</b></u>	<u><b>\$1,056</b></u>	<u><b>\$792,464</b></u>

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

**MADISON TOWNSHIP  
BUTLER 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>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>						
Local Taxes	\$53,598	\$338,851	\$20,000	\$0	\$0	\$412,449
Intergovernmental	363,150	109,412	0	0	0	472,563
Special Assessments	0	0	0	2,025	0	2,025
Licenses, Permits, and Fees	0	4,312	0	0	0	4,312
Fines, Forfeitures, and Penalties	1,580	0	0	0	0	1,580
Earnings on Investments	10,970	925	0	0	16	11,911
Other Revenue	228,309	20,764	0	0	0	249,074
<b>Total Cash Receipts</b>	<b>657,607</b>	<b>474,265</b>	<b>20,000</b>	<b>2,025</b>	<b>16</b>	<b>1,153,913</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	309,776					309,776
Public Safety	120,000	125,971	0	0	0	245,971
Public Works	7,302	334,286	0	1,927	0	343,515
Health	5,941	6,788	0	0	168	12,896
Conservation - Recreation	235,000	0	0	0	0	235,000
Debt Service:						
Redemption of Principal	0	0	201,533	0	0	201,533
Interest and Fiscal Charges	0	0	6,639	0	0	6,639
Capital Outlay	78,466	95,695	0	0	0	174,161
<b>Total Cash Disbursements</b>	<b>756,485</b>	<b>562,740</b>	<b>208,172</b>	<b>1,927</b>	<b>168</b>	<b>1,529,492</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(98,878)</b>	<b>(88,475)</b>	<b>(188,172)</b>	<b>98</b>	<b>(152)</b>	<b>(375,578)</b>
<b>Other Financing Receipts and (Disbursements):</b>						
Sale of Fixed Assets	0	49,900	0	0	0	49,900
Transfers-In	0	50,000	159,758	0	0	209,758
Advances-In	63,000	40,000	23,000	0	0	126,000
Transfers-Out	(209,758)	0	0	0	0	(209,758)
Advances-Out	(63,000)	(40,000)	(23,000)	0	0	(126,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(209,758)</b>	<b>99,900</b>	<b>159,758</b>	<b>0</b>	<b>0</b>	<b>49,900</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(308,637)</b>	<b>11,425</b>	<b>(28,414)</b>	<b>98</b>	<b>(152)</b>	<b>(325,678)</b>
<b>Fund Cash Balances, January 1</b>	<b>793,557</b>	<b>56,951</b>	<b>30,414</b>	<b>1,373</b>	<b>1,198</b>	<b>883,493</b>
<b>Fund Cash Balances, December 31</b>	<b>\$484,921</b>	<b>\$68,376</b>	<b>\$2,001</b>	<b>\$1,472</b>	<b>\$1,046</b>	<b>\$557,815</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$2,425</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,425</b>

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



**MADISON TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Madison Township, Butler County, Ohio (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, fire protection and emergency medical services, and police services. The Township contracts with the Butler County Sheriff to provide the Township's police protection services.

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 and Investments**

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. STAR Ohio funds are recorded at share values reported by the mutual fund

**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.

**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:

**MADISON TOWNSHIP  
BUTLER COUNTY**

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

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

*Road and Bridge Fund* - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

*Fire Levy Fund* - This fund receives property tax money for maintaining fire protection services.

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Funds:

*General Note Retirement Fund* – This fund receives property tax money for the payment of principle and interest for the Township’s fire truck bond.

*General Bond Retirement Fund* – This fund receives property tax money for the payment of principle and interest for the addition to the Township Administration building.

**4. Capital Project Fund**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

*Lighting Assessment Fund* – This fund receives real estate special assessment money for street lighting.

**5. Fiduciary Fund (Trust Fund)**

This fund is used to account for resources restricted by a legally binding trust agreement. The Township had the following fiduciary fund:

*Cemetery Bequest Fund* – The Township has an agreement to maintain the corpus of this trust. This fund receives interest income which is used for cemetery maintenance.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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. Unencumbered appropriations lapse at year end.

**MADISON TOWNSHIP  
BUTLER COUNTY**

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

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

**2. 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 also approve estimated resources.

**3. Encumbrances**

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

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 AND INVESTMENTS**

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

	2003	2002
Demand deposits	\$233,464	\$188,815
Certificates of deposit	1,000	1,000
Total deposits	234,464	189,815
STAR Ohio	558,000	368,000
Total investments	558,000	368,000
Total deposits and investments	\$792,464	\$557,815

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**MADISON TOWNSHIP  
BUTLER COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$660,199	\$760,267	\$100,068
Special Revenue	522,458	510,577	(11,881)
Debt Service	40,249	20,249	(20,000)
Capital Projects	2,170	2,170	0
Fiduciary	10	10	0
Total	\$1,225,086	\$1,293,273	\$68,187

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,730,828	\$612,152	1,118,676
Special Revenue	691,510	421,978	269,532
Debt Service	42,250	22,250	20,000
Capital Projects	4,870	2,244	2,626
Fiduciary	2,116	0	2,116
Total	\$2,471,574	\$1,058,624	\$1,412,950

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$702,237	\$657,607	(\$44,630)
Special Revenue	609,785	574,165	(35,620)
Debt Service	202,758	179,758	(23,000)
Capital Projects	2,025	2,025	0
Fiduciary	16	16	0
Total	\$1,516,821	\$1,413,571	(\$103,250)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,817,113	\$968,668	\$848,445
Special Revenue	651,086	562,740	88,346
Debt Service	212,173	208,172	4,001
Capital Projects	4,845	1,927	2,918
Fiduciary	2,288	168	2,120
Total	\$2,687,505	\$1,741,675	\$945,830

**MADISON TOWNSHIP  
BUTLER COUNTY**

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

**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 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 payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

**5. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Administration Bldg General Obligation Notes	\$40,000	4.50%

The Township issued \$100,000 general obligation notes in May 2000, for the construction of a new addition to the Township's administration building. The outstanding balance of the notes in the amount of \$60,000 was reissued in April 2002. The notes will be repaid in yearly installments of \$20,000, with an interest rate of 4.50% over a three year period, maturing in April 2005. The general obligation notes are direct obligations and pledge the full faith and credit of the government.

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

	Administration Building Notes
Year ending December 31:	
2004	21,350
2005	20,450
Total	\$41,800

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This 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, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003. The Township has paid all contributions required through December 31, 2003.

**MADISON TOWNSHIP  
BUTLER COUNTY**

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

**7. RISK POOL MEMBERSHIP**

The Government belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31 2003 and 2002:

MADISON TOWNSHIP  
BUTLER COUNTY

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

7. RISK POOL MEMBERSHIP (Continued)

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	(750,956)	(1,204,326)
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>

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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  
Butler County  
1504 Middletown Eaton Road  
Middletown, Ohio 45042

To the Board of Trustees:

We have audited the accompanying financial statements of Madison Township, Butler County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 13, 2004. We noted that 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 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 September 13, 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 September 13, 2004.

Madison Township  
Butler County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 13, 2004

**MADISON TOWNSHIP  
BUTLER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR END 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; <b><i>Explain:</i></b>
2001-40409-001	Ohio Rev. Code 5705.41 (D), failure to certify funds	No	Partially corrected. Included in management letter.
2001-40409-002	Ohio Rev. Code 5705.09 (F), failure to establish proper funds	Yes	
2001-40409-003	Ohio Rev. Code 5705.39, appropriations exceeding estimated resources	No	Partially corrected. Included in management letter.





**Auditor of State  
Betty Montgomery**

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**MADISON TOWNSHIP**

**BUTLER 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 28, 2004**