



OHIO AUDITOR OF STATE
KEITH FABER



**MADISON TOWNSHIP
FAYETTE COUNTY
DECEMBER 31, 2023 AND 2022**

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REPORT ON THE FINANCIAL STATEMENTS, INTERNAL CONTROL, AND COMPLIANCE

Madison Township
Fayette County
10157 US 62 N
Washington Court House, Ohio 43106

To the Board of Trustees:

We have selectively tested certain accounts, financial records, reports and other documentation of Madison Township, Fayette County, (the Township), as of and for the years ended December 31, 2023 and 2022. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

Internal Control Over Financial Reporting

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2023-002 through 2023-006, 2023-008 and 2023-010 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

Compliance and Other Matters

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Township, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed no instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as item 2023-001 through 2023-004, 2023-005, 2023-007, and 2023-009.

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L. Ridenbaugh".

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

July 2, 2025

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Madison Township*Fayette 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, 2023*

	General	Special Revenue	Debt Service	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$90,210	\$135,653		\$225,863
Licenses, Permits and Fees	1,200	2,925		4,125
Intergovernmental	22,582	138,262		160,844
Special Assessments		2,548		2,548
Earnings on Investments	572	1,321		1,893
Miscellaneous	<u>5,518</u>	<u>601</u>		<u>6,119</u>
<i>Total Cash Receipts</i>	<u>120,082</u>	<u>281,310</u>		<u>401,392</u>
Cash Disbursements				
Current:				
General Government	162,286			162,286
Public Safety		139,441		139,441
Public Works	3,014	27,692		30,706
Health		34,513		34,513
Capital Outlay		96,283		96,283
Debt Service:				
Principal Retirement		11,779		11,779
Interest and Fiscal Charges	<u>498</u>			<u>498</u>
<i>Total Cash Disbursements</i>	<u>165,300</u>	<u>310,206</u>		<u>475,506</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(45,218)</u>	<u>(28,896)</u>		<u>(74,114)</u>
<i>Fund Cash Balances, January 1</i>	<u>196,271</u>	<u>416,515</u>	<u>4</u>	<u>612,790</u>
<i>Fund Cash Balances, December 31</i>	<u>\$151,053</u>	<u>\$387,619</u>	<u>\$4</u>	<u>\$538,676</u>

See accompanying notes to the basic financial statements

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Madison Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Madison Township, Fayette 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 BPM Joint Fire District and the Tri-County Fire Board to provide fire services. The Township also has an elected Township Fiscal Officer.

Public Entity Risk Pools and Related Organizations

The Township participates in the Ohio Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist 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 Funds:

Gas Tax Fund The fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Fire District Fund The fund receives property tax money to pay for fire and ambulance services.

Debt Service Fund These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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

Madison Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) 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. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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. The Township did not use the encumbrance method of accounting.

A summary of 2023 budgetary activity appears in Note 3.

Capital Assets

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

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.

Madison Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$87,236	\$120,082	\$32,846
Special Revenue	274,175	281,310	7,135
Total	\$361,411	\$401,392	\$39,981

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$283,507	\$165,300	\$118,207
Special Revenue	690,690	310,206	380,484
Total	\$974,197	\$475,506	\$498,691

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. A summary of the Township's deposit account is as follows:

Demand deposits	2023
	\$538,676

Madison Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized 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 statements include 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 – Risk Management

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.

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
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Madison Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

	2022
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 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, 2023.

Note 8 – 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 2023. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2023.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Lease

In December 2018 the Township entered into a lease for purchase of a new dump truck. The lease was issued in the amount of \$116,260 with Santander Bank, N.A. The Township made a down payment of \$60,000. Payments of \$12,277 are due on February 10 of each year with a maturity date of February 10, 2023. The lease was paid in full during 2023, no balance remains.

Madison Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 – Related Party Transactions

The Township does business with a Trustee's business, D.D. Excavating. The Township hires D.D. Excavating to open and close cemetery graves. The Trustee does not vote on payment, does not sign checks for payment, and refrains from discussions concerning the same issues.

Madison Township*Fayette 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, 2022*

	General	Special Revenue	Debt Service	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$94,694	\$130,793	\$0	\$225,487
Licenses, Permits and Fees	250	9,925		10,175
Intergovernmental	88,556	146,687		235,243
Special Assessments	-	2,486		2,486
Earnings on Investments	240	187		427
Miscellaneous	1,158	281		1,439
<i>Total Cash Receipts</i>	<i>184,898</i>	<i>290,359</i>		<i>475,257</i>
Cash Disbursements				
Current:				
General Government	156,398			156,398
Public Safety		96,022		96,022
Public Works	2,870	31,345		34,215
Health		36,837		36,837
Capital Outlay		118,949		118,949
Debt Service:				
Principal Retirement		11,307		11,307
Interest and Fiscal Charges		970		970
<i>Total Cash Disbursements</i>	<i>159,268</i>	<i>295,430</i>		<i>454,698</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>25,630</i>	<i>(5,071)</i>		<i>20,559</i>
<i>Fund Cash Balances, January 1</i>	<i>170,641</i>	<i>421,586</i>	<i>4</i>	<i>592,231</i>
<i>Fund Cash Balances, December 31</i>	<i>196,271</i>	<i>416,515</i>	<i>4</i>	<i>612,790</i>

See accompanying notes to the basic financial statements

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Madison Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Madison Township, Fayette 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 BPM Joint Fire District and the Tri-County Fire Board to provide fire services. The Township also has an elected Township Fiscal Officer.

Public Entity Risk Pools and Related Organizations

The Township participates in the Ohio Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

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Gas Tax Fund The fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Fire District Fund The fund receives property tax money to pay for fire and ambulance services.

Debt Service Fund These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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

Madison Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) 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. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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. The Township did not use the encumbrance method of accounting.

A summary of 2022 budgetary activity appears in Note 3.

Capital Assets

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

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.

Madison Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,097	\$184,898	\$92,801
Special Revenue	295,044	290,359	(4,685)
Total	\$387,141	\$475,257	\$88,116

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$262,697	\$159,268	\$103,429
Special Revenue	716,374	295,430	420,944
Total	\$979,071	\$454,698	\$524,373

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. A summary of the Township's deposit account is as follows:

Demand deposits	2022
	\$612,790

Madison Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized 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 statements include 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 – Risk Management

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.

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
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Madison Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All 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, 2022.

Note 8 – 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 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Lease

In December 2018 the Township entered into a lease for purchase of a new dump truck. The lease was issued in the amount of \$116,260 with Santander Bank, N.A. The Township made a down payment of \$60,000. Payments of \$12,277 are due on February 10 of each year with a maturity date of February 10, 2023.

Madison Township
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Amortization

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

Year Ending December 31:	Lease Payments
2023	\$12,277
Total	\$12,277

Note 10 – Related Party Transactions

The Township does business with a Trustee's business, D.D. Excavating. The Township hires D.D. Excavating to open and close cemetery graves. The Trustee does not vote on payment, does not sign checks for payment, and refrains from discussions concerning the same issues.

MADISON TOWNSHIP
FAYETTE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022

<i>Finding Number</i>	2023-001
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Noncompliance – Public Records Training

Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records and Open Meetings Laws during each term of office. The training received must be certified by the Ohio Attorney General.

None of the Township's elected officials during their term of office, attended a required Certified Training or had an appropriate designee attend the training as required by Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1), due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

The elected officials, or their designee, should, during their term of office, attend public records training and maintain proof of completion of the training.

Officials' Response:

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

<i>Finding Number</i>	2023-002
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Internal Control Deficiency and Noncompliance – Annual Financial Reporting

Ohio Rev. Code § 117.38 states, in part, that each public office, other than a state agency, shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. The report shall be certified by the proper officer or board and filed with the auditor of state within 60 days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within 150 days after the close of the fiscal year. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension.

The Township's December 31, 2023 and 2022 annual financial reports were not filed with the auditor of state until May 14, 2025.

Failure to file a complete report by the established deadline, without an extension, could result in the assessment of penalties against the Township.

The Township should implement procedures to verify its annual financial report is filed with the Auditor of State by the required deadline. If the Township is unable to meet the deadline, the Township should file an extension request through the Auditor of State.

Officials' Response:

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

<i>Finding Number</i>	2023-003
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Internal Control Deficiency and Noncompliance – Segregation of Duties

Ohio Admin. Code 117-2-01 states all public officials are responsible for the design and operation of a system of internal controls that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories.

“Internal Control” means a process affected by the Township’s governing board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

1. Reliability of financial reporting
2. Effectiveness and efficiency of operations;
3. Compliance with applicable laws and regulations; and
4. Safeguarding of assets.

Additionally, when designing the public office’s system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The Township did not implement adequate segregation of duties related to the deposit of receipts, posting of transactions, and reconciliation of Township accounts. The Fiscal Officer was solely responsible for: recording transactions into the Township’s accounting system, making deposits of monies received to the bank, and reconciling the Township’s accounting system to the bank. There was no segregation of duties over the finance function of the Township.

The lack of segregation of duties increases the possibility that errors or irregularities could occur and not be discovered in a timely manner. Not establishing internal controls can lead to incomplete and inaccurate processing of transactions and lack of accountability.

The Township should implement segregation of duties and oversight of financial transactions by the Board.

Officials' Response:

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

<i>Finding Number</i>	2023-004
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Internal Control Deficiency and Noncompliance/Finding For Adjustment

Ohio Rev. Code § 5705.10(C) requires all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. In addition, Ohio Rev. Code § 5705.10(D) requires all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

In addition, in our audit engagement letter management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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.

Due to deficiencies in the Township's internal controls over financial reporting, the following conditions related to the Township's financial statements and accounting records were identified:

- The opening balance of a financial statement should be equal to the closing balance of the previous year's financial statement. In 2022, the Township reported an opening balance in the General, Cemetery and Fire District fund of \$170,641, \$158,585 and \$88,415, respectively, which resulted in the opening balances in the General fund to be overstated by \$25,881, and the Cemetery and Fire District funds to be understated by \$7,892 and \$17,989, respectively.
- In 2023 and 2022, the Township did not properly distribute the Rollback receipts received from the State to the Cemetery and Fire funds. For 2023, the General fund receipts were overstated by \$8,302 and the Cemetery and Fire District receipts were understated by \$2,581 and \$5,721 respectively. For 2022, the General Fund receipts were overstated by \$8,326 and the Cemetery and Fire District receipts were understated by \$2,581 and \$5,745 respectively.
- In 2023, the Township incorrectly posted \$500 in License, Permits, and Fees to the General Fund that should have been posted to the Cemetery Fund. The posting resulted in the General Fund License, Permits, and Fees to be overstated and the Cemetery Fund License, Permits, and Fees to be understated.

The following combined adjustments were proposed to allocate the 2022 and 2023 activity proportionately to the proper funds:

<u>Year</u>	<u>General Fund</u>	<u>Cemetery Fund</u>	<u>Fire District</u>
2022	(\$34,207)	\$10,473	\$23,734
2023	(\$8,802)	\$3,081	\$5,721
Total:	(\$43,009)	\$13,554	\$29,455

The following table illustrates the December 31, 2023 fund balance if the Township posted all the above fund balance adjustments to their accounting records and financial statements:

Fund	Fund Balance in Accounting System	Fund Balance Adjustments	Final Fund Balances After Adjustments.
General	\$ 151,053	(\$43,009)	\$ 108,044
Cemetery	\$161,493	\$13,554	\$175,047
Fire District	\$59,753	\$29,455	\$89,208

The Township did not make adjustments to their accounting records or to the financial statements to reflect the above amounts.

In accordance with the foregoing facts, we hereby issue a finding for adjustment against the Township's General Fund for a combined total amount of \$43,009; and in favor of the Township's Cemetery Fund, for a combined total amount of \$13,554, and the Township's Fire District Fund for a combined total amount of \$29,455.

Failure to accurately post and report transactions could result in material errors in the Township's financial statements and reduces the Township's ability to monitor financial activity and to make sound decisions which effect the overall cash of the Township.

The Township should accurately record financial transactions. The Township officials should update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

Officials' Response:

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

<i>Finding Number</i>	2023-005
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Internal Control Deficiency and Noncompliance – Fiscal Officer Certification

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required to meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that the fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and superblanket certificates, which are provided for in Ohio Rev. Code §§ 5705.41(D)(1) and 5705.41(D)(3), respectively.

1. "Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, 100 percent of the transactions tested at year-end were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Fiscal Officer as needed should certify the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

Officials' Response:

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

<i>Finding Number</i>	2023-006
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Internal Control Deficiency – Completion of Reconciliations

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support.

Monthly summary bank reports were completed, however, monthly bank to book reconciliations were not prepared or reviewed during the audit period. The Summary reports did not contain information regarding deposit in transit, outstanding checks, or other reconciling items. Failure to accurately reconcile monthly increases the possibility that the Township will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should prepare detailed monthly bank to book cash reconciliations, which include deposits in transit, outstanding checks, bank account balances and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Officials' Response:

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

<i>Finding Number</i>	2023-007
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Noncompliance - Continuing Education

Ohio Rev. Code § 135.22(B) states that to enhance the background and working knowledge of treasurers in investments, cash management, ethics, and in any other subject area that the treasurer of state determines is reasonably related to the duties of a treasurer, the treasurer of state shall provide annual continuing education programs for treasurers. A treasurer annually shall complete the continuing education programs described, unless the treasurer annually provides a notice of exemption.

The Fiscal Officer did not attend the required annual continuing education programs or provide a notice of exemption described in division (E) of this section.

In order to maintain and/or enhance the working knowledge and prevent future occurrences of noncompliance, the Fiscal Officer shall attend the annual training or complete an annual exemption and submit to the Auditor of State's office.

Officials' Response:

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

<i>Finding Number</i>	2023-008
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Internal Control Deficiency – Minutes

The minutes are the official records of board meetings and should be promptly reviewed and signed to ensure that the minutes are accurate, and the signatures document approval of the content prepared.

During 2023, the Township did not obtain the required signatures for four months. Also, one month, during 2022 was not properly signed.

The Township should ensure all minute records are signed by the required individuals.

Officials' Response:

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

<i>Finding Number</i>	2023-009
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Noncompliance – Public Records

Ohio Rev. Code § 149.43(E)(2) further requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy; create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy; and, if the public office has a manual or handbook of its general policies and procedures for all employees, include the public records policy in that manual or handbook.

The Township has a public records policy but did not distribute the policy to the custodian/manager and obtain written acknowledgement of receipt. In addition, a poster was not displayed in the branch office and was not included in the manual or handbook.

The policy should be distributed to the records custodian/manager and the Township should have a written acknowledgement of receipt from the records custodian/manager. In addition, a poster describing the public records policy should be conspicuously displayed in all of the Township's branch offices and the public records policy should be included in policy manuals or handbooks if any exist.

Officials' Response:

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

<i>Finding Number</i>	2023-010
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Internal Control Deficiency – Additional Audit Adjustments

In our audit engagement letter management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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.

Due to deficiencies in the Township's internal controls over financial reporting, the following conditions related to the Township's financial statements and accounting records were identified:

- In 2022, the Township incorrectly posted \$57,422 of NEU Grant receipts as Miscellaneous in the General Fund. The receipts should have been recorded as Intergovernmental revenue. This resulted in the General Fund Miscellaneous receipts to be overstated and the Intergovernmental receipts to be understated.

- In 2022, the Township incorrectly posted \$2,486 of Lighting Assessment receipts as Property and Other Taxes in the Lighting Assessment Fund. The receipts should have been recorded as Special Assessment receipts. This resulted in Property and Other Taxes to be overstated and the Special Assessment receipts to be understated.
- In 2022, the Township posted \$2,674 in the Permissive Motor Vehicle License (PMVL) fund as Property Tax receipts instead of Intergovernmental receipts. Per the State Treasurer's website, the tax was assessed by the County and therefore should be recorded as Intergovernmental receipts. The posting resulted in in the PMVL Property Tax receipts to be overstated and the Intergovernmental receipts to be understated.
- In 2023 and 2022, the Township posted principal and interest payments of \$12,277 as Public Works in the Gas Tax fund. For 2023, the Public Works expenditures were overstated by \$12,277 and the Principal and Interest payments were understated by \$11,779 and \$498. For 2022, Public Works expenditures were overstated by \$12,277 and the Principal and Interest payments were understated by \$11,307 and \$970.
- In 2023 and 2022, the Township posted a total of \$2,475 and \$2,674 in Permissive Motor Vehicle License fund as Other Tax receipts instead of Intergovernmental receipts. Per the State Treasurer's website, the tax was assessed by the County and therefore should be recorded as Intergovernmental receipts. The posting caused the PMVL Tax receipts to be overstated the Intergovernmental receipts to be understated.
- In 2023, the Township posted \$801 from the Findings for Recovery (2021-003 and 2021-004) from the prior audit, as reductions of expenditures of \$200 in the General Fund, \$200 in the Gas Fund and \$401 in the Cemetery Fund. These posting caused the total receipts for the General Fund, Gas Fund, and Cemetery Fund to be understated.
- In 2023, the Township incorrectly posted \$16,759 in Intergovernmental receipts that should have been recorded in Property Tax and Other Local Taxes, in the General Fund. The posting resulted in the General Fund Intergovernmental receipts to be overstated and Property Tax and Other Local Taxes to be understated.

The Township made the adjustments to their financial statements to adjust the above amounts. Fund balances were not impacted by these errors.

Failure to accurately post and report transactions could result in material errors in the Township's financial statements and reduces the Township's ability to monitor financial activity and to make sound decisions which effect the overall cash of the Township.

The Township should accurately record financial transactions. The Township officials should update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

Officials' Response:

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

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**MADISON TOWNSHIP
FAYETTE COUNTY
10157 US 62 N
WASHINGTON COURT HOUSE, OHIO 43160**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2023 and 2022**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2021-001	Material Weakness – Township lacked controls to ensure transactions were posted accurately.	No	Reissued in Finding 2023-004
2021-002	Significant Deficiency and Noncompliance – deficiencies in internal controls caused lack of certification for transactions.	No	Reissued in Finding 2023-005
2021-003	Finding for Recovery – repaid under audit.	Yes	
2021-004	Finding for Recovery – repaid under audit.	Yes	

OHIO AUDITOR OF STATE KEITH FABER



MADISON TOWNSHIP

FAYETTE 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 7/22/2025

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