

OHIO AUDITOR OF STATE
KEITH FABER



Madison Township

Performance Audit

July 2024

OHIO AUDITOR OF STATE
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To the Madison Township Community:

The Auditor of State's Office recently completed a performance audit of Madison Township in Richland County. This review was conducted by the Ohio Performance Team and provides an independent assessment of the Township's operations. The performance audit was offered at no cost to the Township as it continues to navigate its Fiscal Caution designation.

This performance audit report contains recommendations, supported by detailed analysis, to enhance the overall economy, efficiency, and/or effectiveness of the Township's operations. This report has been provided to the Township and its contents have been discussed with the officials and administrators. The Township has been encouraged to use the recommendations and information contained in the report to make informed decisions regarding future operations.

It is my hope that the Township will use the results of the performance audit as a resource for improving operational efficiency as well as service delivery effectiveness. The analysis contained within are intended to provide management with information, and in some cases, a range of options to consider while making decisions about their operations.

This performance audit report can be accessed online through the Auditor of State's website at <http://www.ohioauditor.gov> and choosing the "Search" option.

Sincerely,

Keith Faber
Auditor of State
Columbus, Ohio

July 16, 2024

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Madison Township

Performance Audit Summary

WHAT WE LOOKED AT

Madison Township (Madison or the Township) is currently in a state of Fiscal Caution, as declared by the Ohio Auditor of State's Office in 2012. This designation was the result of several issues identified in the Township's financial audits including noncompliance with Ohio laws, deficit fund balances, and unreconciled account journals and ledgers for a period lasting more than two years. The Township has remained in Fiscal Caution since 2012 and is currently working towards implementing the necessary changes to improve its overall fiscal health.

The Ohio Auditor of State's Ohio Performance Team (OPT) provides performance audits to government entities that provide recommendations and guidance based on detailed analysis that can assist in improving the overall efficiency and effectiveness of operations. In 2023, OPT reached out to Township officials to help in identifying areas of potential improvement. The audit was offered at no cost to the Township through the use of funds set aside to assist government entities in fiscal distress.

Madison has already taken steps to improve its overall financial condition. These steps include addressing the existing noncompliance issues, producing a fiscal recovery plan, and developing a three-year financial forecast. This audit is intended to further those efforts by providing analysis in the areas of financial management and human resources, as well as a detailed analysis of the Township's three key operational areas; the Fire Department, the Road Department, and the Zoning Department. Our analyses were based on industry standards, identified best practices, and peer comparisons.

WHAT WE FOUND

Although Madison remains in a state of Fiscal Caution, the Township's overall financial condition has improved. Particularly, over the past several years, the Township has been able to build its cash balances. However, the Township still needs to take additional steps to ensure financial health is secured moving forward; particularly as it continues to project annual expenditures to exceed revenues within the three fire funds.

Our audit identified 6 recommendations across several categories of the report, including sections covering the Township's Finances and Budget, Fire Department, Road Department, and Zoning Department. The section on Finances and Budget includes objectives that are not department-specific, and showcase practices the Township can adopt for better planning and preparation for the future, while the remaining sections address department-specific recommendations and best practices. Many of these recommendations can assist the Trustees in improving the overall efficiency and effectiveness of the Township's governance. The audit,

and the associated recommendations, also provide transparency to the residents of Madison Township, who support the Township through their local property taxes.

KEY OBSERVATIONS

Key Observation: Using data reported to the Federal Emergency Management Agency (FEMA), we found that the Township’s Fire Department is exceeding industry standards and operating more efficiently than the peer townships used for comparison. The Township’s Fire Department responds to more incidents per full-time equivalent firefighter and does so in a timelier manner than the peer group. Further, the Fire Department’s staff are generally lower paid than the peer group over the course of a 30-year career. This results in the Township maintaining a lower cost Fire Department that is able to perform in an efficient manner.

SUMMARY OF RECOMMENDATIONS

Recommendation 1: Maintaining minimum fund balances help entities to avoid financial difficulties that may arise from unforeseen expenses or reduced revenues. The Township does not have policies that indicate an acceptable minimum fund balance. This results in the potential for having negative fund balances, which was one of the causes of the township’s fiscal caution status. Best practices identified by the Government Finance Officers Association (GFOA) and Moody’s Investors Service (Moody’s) provide guidance on minimum fund balance thresholds. The Township should establish a minimum fund balance policy and apply it to all existing funds. In doing so, the Township would maintain balances that would help to address future unforeseen budgetary issues.

Recommendation 2: Resulting from the fiscal caution designation, the Township began to create three-year forecasts. There is no formal policy in place guiding the forecasting process or the continuation of the practice after the Township is removed from fiscal caution. Financial forecasting is considered a best practice by the GFOA and allows organizations to guide both regular operations and long-term strategic planning initiatives. The Township should formalize a forecasting policy and procedure to ensure its continuation in the future.

Recommendation 3: The Township does not have a formal strategic plan in place. However, the Township does have a 3-year capital improvement plan for the Road Department and 16-year capital improvement plan for the Fire department. The capital improvement plans include replacement of vehicles and equipment. The Township should develop a formal, written strategic plan and periodically update the current capital plan at regular intervals.

Issue for Further Study: Using available data, we determined that the Township’s Fire Department may rely on overtime hours to a greater extent than the peer group. Overtime can be a costly expense when used to replace regular labor. It is possible that the Township could reduce personnel expenditures related to overtime through the hiring of additional firefighters. During the course of the audit, the Township did hire additional Fire Department personnel. Careful monitoring of staffing levels and overtime usage can help to minimize unnecessary expenditures in this area.

Recommendation 4: Madison Township should incorporate best practices in developing a formal roads improvement plan. Currently, the Township does not have a formal roads improvement plan in place. With 42 percent of the Township’s roads being graded as in “poor” or “very poor” condition, the Township should adopt a more strategic approach to managing road conditions.

Recommendation 5: Madison Township should develop a fleet lifecycle policy for their fleet and incorporate it into their capital planning and strategic long term financial planning. Although the road and fire departments have capital improvement plans in place, steps could be taken to formalize vehicle preventative maintenance and replacement planning and factor maintenance costs into fleet management decisions. As a result, the Township may not be able to effectively evaluate the timing of its fleet replacement needs, which could lead to premature vehicle purchases or unnecessary operating expenses from keeping vehicles in service longer than is financially optimal. The Township should improve its fleet management data collections and apply it to its decision-making process along with formalizing preventative maintenance and replacement plans.

Recommendation 6: Madison Township should improve data collection for the Zoning Department to re-evaluate department staffing and fees. The Zoning Department does not currently track data on zoning permit processing times or pending permits. By collecting additional data, the Township can better identify the demand and workload of the Township’s Zoning Department and re-evaluate staffing levels and zoning permit fees.

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Introduction

At their core, local governments are service-oriented organizations that provide residents with a multitude of benefits. Those services and benefits are paid for using public dollars generated through taxes and fees, and so it is vitally important that local governments act as good stewards of public money and balance the needs of their constituents alongside transparent management. Sound financial planning, communication, and transparency are important parts of ensuring good stewardship, as are human resource and operational management practices that optimize efficiency and effectiveness. The purpose of this performance audit is to provide objective analysis, findings, and conclusions to assist Madison Township management and those charged with governance. The goal is for those conclusions to help the Township improve program performance and operations, reduce costs, facilitate decision making by parties responsible for overseeing or initiating corrective action, and to contribute to public accountability.

Townships are a political subdivision of the state of Ohio, governed under the thirteen chapters of Title 5 of the Ohio Revised Code. Townships are governed by three trustees and a fiscal officer that serve staggered four-year terms. The Board of Trustees of a township make decisions on behalf of the township and have the responsibility to see that the township fulfills its duties to the state and to township residents. Common duties include maintaining roads, providing safety services, awarding contracts for goods and services required by the township, and authorizing township expenditures.

The Ohio Auditor of State’s Ohio Performance Team (OPT) conducts performance audits of government entities and provides data-driven analyses and recommendations which can assist officials in improving the economy, efficiency, and effectiveness of both an organization as a whole, or a small department or program.¹ Madison Township (Madison or the Township) was placed in Fiscal Caution by the Local Government Services group within the Auditor’s office in 2012, and has continued to remain in this state since. In 2023, OPT reached out to all townships in fiscal distress to offer a performance audit, and Madison accepted the offer. The agreed upon scope of the audit included a review of the Township’s financial management, human resources, and operations, with the goal of making recommendations which would help lead to the removal from fiscal designation. Our performance audit was conducted at no expense to the Township using funds from Fiscal Distress Technical Assistance as appropriated to AOS by the 135th General Assembly for the purpose of assisting government entities in fiscal distress, as authorized in Ohio Revised Code § 118.041.

¹ Performance audits are conducted in accordance with Generally Accepted Government Auditing Standards, see **Appendix A** for more details.

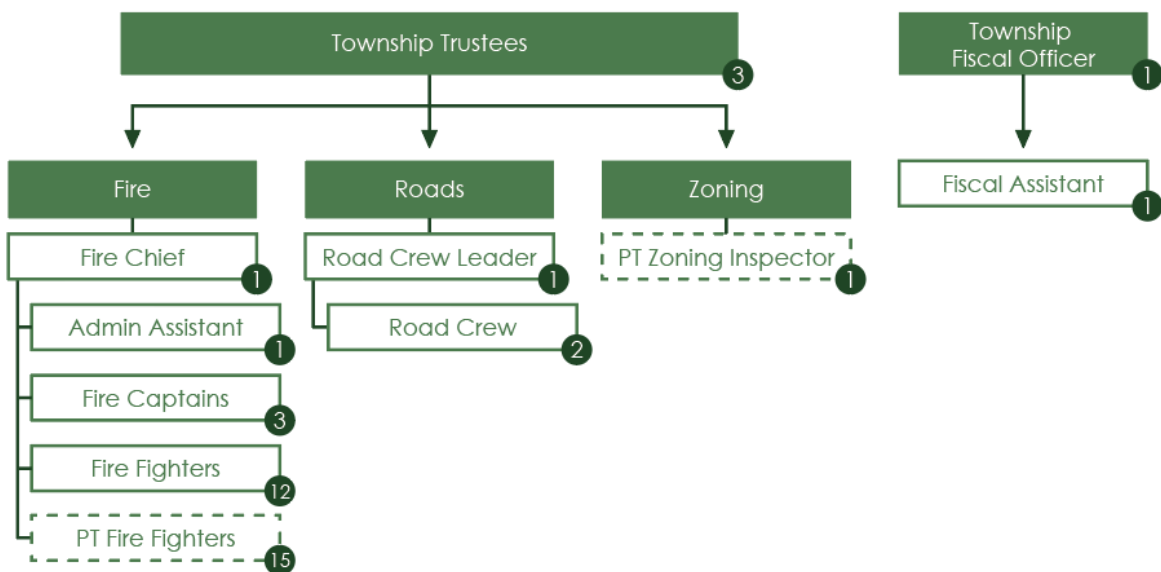
Madison Township

Madison Township is a suburban township of 11,096 residents with a median household income of \$48,182, located in Richland County, an hour northeast of Columbus. The Township is divided into three parts by the City of Mansfield and borders Franklin, Weller, Mifflin, Monroe, Washington, Troy, Springfield, and Jackson Townships. Madison Township covers approximately 15 square miles and maintains 70.2 miles of roads. The Township has experienced little change in population in recent years, with the 2020 Census reporting only 62 fewer residents than in 2010. It is governed by an elected three-member Board of Trustees and also has an elected fiscal officer. Each of these elected officials serve a four-year term, two elected in the same years, and the third on a separate two-year offsetting cycle per ORC § 505.01.



While townships in Ohio are only mandated to provide a handful of basic services – maintaining roads, preserving cemeteries, settling fence line disputes and controlling weeds – they are allowed to adopt regulations that enable them to offer a limited selection of other services. Madison Township provides its residents some additional services. Residents of the Township pay for general government amenities, including fire and Emergency Medical Services (EMS) protection, road maintenance, and zoning, with the Township’s three departments organized around these services. These services are paid for primarily through local property taxes.

Madison Township's Table of Organization



Source: Madison Township

Note: Numbers represent current headcount

Efficient • Effective • Transparent

As seen in the chart, there are departments within the Township that each provide services to the community. These departments employ a varying number of individuals and have specific responsibilities.

Fire Department: The Fire Department is staffed by fifteen full-time fire fighters, which includes three captains, fifteen part-time fire fighters, a fire chief, and an administrative assistant, who are responsible for responding to fire incidents and EMS calls.

Road Department: The Road Department is staffed by three full-time employees, who are responsible for maintaining roadways, including paving and patching, snow removal, and maintenance to ensure roadway visibility.

Zoning Department: The township employs one part-time zoning inspector, who is responsible for processing zoning permits and conducting zoning inspections.

Other functions, such as human resources, and financial reporting, fall under the Township’s administration, either through the Trustees or the Fiscal Officer.

Madison Township Fiscal Distress Status

When a local government or Ohio school system encounters budgetary problems, it may be placed in Fiscal Caution, fiscal watch, or fiscal emergency status. Fiscal distress is a legislative mechanism used to identify financial problems as soon as possible and provide assistance to entities in need.

Fiscal Distress Designation

In May 2012, Madison was placed into Fiscal Caution by the Ohio Auditor of State.² The declaration cited four conditions that resulted in this designation:

- An unauditible designation that was not corrected within 90 days;
- Significant deficiencies, material weaknesses, and direct and material noncompliance with Ohio law as identified in the Township’s 2008-2009 financial audit;
- Deficit fund balances at the end of 2011 that exceeded 2 percent of estimated revenues; and,
- Unreconciled account journals and ledgers with the bank for the period of January 1, 2010, through March 31, 2012, or 27 months.

Fiscal Distress Current Status

The Township has remained in Fiscal Caution since the initial declaration in 2012. During that time period it has resolved some of the issues, including being removed from the unauditible list for its 2014-2015 audit. In addition to resolving some of the record keeping issues, the

² https://ohioauditor.gov/auditsearch/Reports/2012/Madison_Township_Fiscal_Caution_Declaration.pdf

Township has begun to create three-year forecasts that allow it to better plan for future revenues and expenditures. Additionally, the Township created a fiscal recovery plan based on forecasted deficit spending, or annual expenditures exceeding annual revenues, related to the Fire Department.

There are a variety of requirements for the exit of fiscal designation, as seen in **Appendix B**. While Madison’s fiscal state has improved since entering Fiscal Caution, and fund balances having grown over the last several years, the Township currently remains in Fiscal Caution, primarily due to the three-year forecast projecting deficit spending for fire department funds in 2025 by \$233,730, if revenues remain constant.³ By continuing to carefully manage their financial position and adopting best practices and recommendations provided in this report, the Township can work towards getting out of Fiscal Caution. The analysis and recommendations contained in this report were provided to assist Township officials as they continue to work toward fiscal stability.

Audit Methodology

We identified three main areas for analysis that would provide the Township with data-driven information to be used for strategic decision making. Specifically, we analyzed the Township’s allocation of financial resources, human resources, and operational departments. Our office used industry standards, peer townships, and identified best practices for analysis purposes.

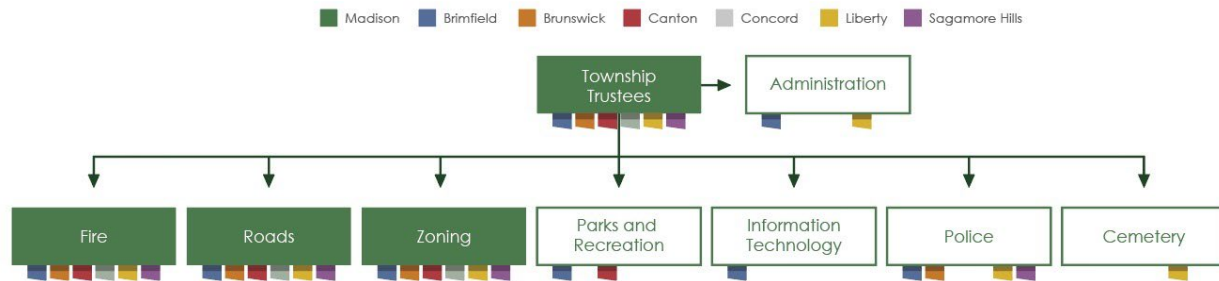
In consultation with the Township, two sets of peers were selected for comparison contained in this report. A set of primary peers were selected to provide useful comparisons in the areas of Township operations, the allocation of financial resources, and staffing levels. The selection of primary peers took into consideration key demographic attributes of the community and comparable services to the core operational departments Madison offers. A second set of local peers were selected to provide comparison in the areas of compensation (salaries/wages and insurance benefits). These townships are in the same geographical area as Madison and were selected specifically to provide context for local labor market conditions. For more information on the peers, see **Appendix A**.

The chart on the following page shows the departments operated by both Madison Township and the primary peers. Madison’s three departments are represented in green and the color-coded boxes under each department identify which peer operates that type of department. Each of the primary peers operate, at a minimum, with the same three departments as Madison. As seen in the chart, several peers operate with one or more additional departments. While only two townships have a separate Administration Department, all townships at least have a fiscal officer,

³ Fire department funds consists of special revenue funds dedicated for the purpose of providing fire and emergency medical services to the Township as well as a special levy of 1.75 mills passed for the fire department.

an elected position per Ohio Revised Code (ORC) § 507.01, to manage that aspect of administration.

Madison Township and Primary Peer Department Structure



Source: Madison Township and Primary Peers

It should be noted that township functions, such as cemetery maintenance, do not require a separate department. It is possible that these services are provided through other departments for smaller townships, such as Madison. Additionally, throughout the audit, consideration was given to operational differences between townships to ensure comparisons were meaningful and recommendations were actionable.

Financial Background

Local governments obtain revenue from a variety of sources including local property taxes, state aid, and fees for services. These revenues allow an entity to provide a variety of services to citizens and others. In Madison, the Township's revenues are used primarily to provide fire and EMS protection, ensure roads are properly maintained, and allow for appropriate zoning review of any construction within Township limits. Much like an individual may maintain multiple bank accounts, such as checking and savings, local governments often operate using multiple accounts for various activities related to daily operations and long-term planning. Revenues are typically allocated to accounts based on a variety of factors and allow for the more transparent use of public funds.

Fund Types

Government entities can maintain three different types of funds: Governmental, Proprietary, and Fiduciary. Governmental and Proprietary funds can be used for operations, whereas a Fiduciary fund contains resources held by a government but belonging to other individuals or entities.

Governmental Funds can obtain revenue through various types of taxes and are similar to personal accounts that an individual might maintain such as a checking, savings, or retirement account. These funds can be used for a variety of purposes for both the daily operations and long-term goals of a local government.

Governmental Funds can either be **General Revenue** or **Special Revenue**, depending on legal restrictions. A General Revenue Fund would operate like a general checking account that can be used to pay for a variety of items with minimal restrictions. A Special Revenue Fund would also operate similarly to a checking account in that revenue is available to be used as needed. However, the revenue distributed to a Special Revenue Fund is restricted in its use based on the purpose of the fund and legally allowable activities.

The majority of Madison's revenues are allocated to **Special Revenue Funds** that are legally restricted to specific purposes.

Proprietary Funds are similar to business accounts. They obtain revenue through fees for services or memberships and that revenue is used to pay for the expenses related to the specific business operations. The Township does not have any Proprietary Funds.

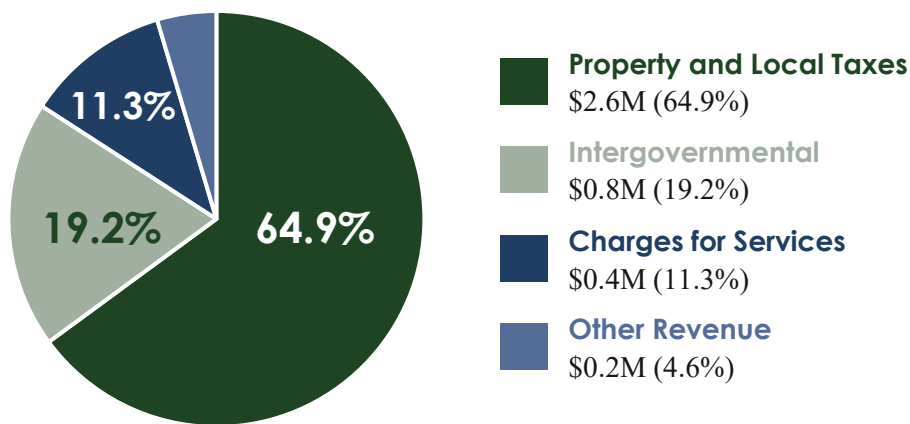
Fiduciary Funds are used to hold resources that are in a local government's possession, but that cannot be used by the government, as the resources belong to a third party. Within Madison, the Fiduciary Fund represents a small portion of overall revenue and is used for uncollected monies from the prior year.

Township Revenue

A township relies on a variety of revenue sources to provide services to residents, including property taxes, intergovernmental sources, licensing fees, and charges for services. In 2023, Madison had \$3.9 million in total revenue. As seen in the chart below, more than half of this funding, \$2.6 million, was generated through local property taxes. For more information on property taxes and the Township’s levy revenue, please see **Appendix B**.

Revenue by Object, 2023

Total: \$3.9M



Source: UAN

Note: Other Revenue may include Special Assessments, Earnings on Investments, Permits, and Fees.

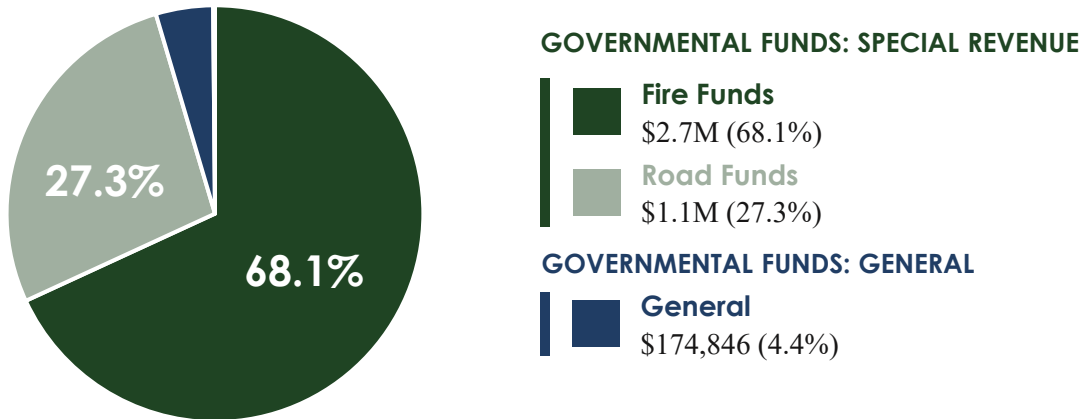
In addition to local property taxes, the Township also receives funding from intergovernmental sources (19.2 percent) and charges for services (11.3 percent), with the remainder (4.6 percent) being split across several categories. Intergovernmental sources include largely state and local levied motor vehicle license tax, gasoline tax, state local government fund distribution, federal funds, and property tax allocation received from the state.⁴ For the Township, charges for services largely are receipts derived from fire protection and emergency medical services provided to other political subdivisions.

The Township’s annual revenues are directed into a variety of different funds. While Madison operates 16 total funds, they can be broadly categorized and grouped into service areas. The chart on the following page shows the total 2023 revenue breakdown by fund type.

⁴ Property tax allocation is the money provided by the State as a reimbursement for statutory tax credits and reductions granted to real and personal property taxpayers to include Non-Business Credit, Owner Occupancy Credit, Homestead Exemptions, Utility Deregulation, Property Tax Replacement, and Tangible Personal Property Tax Loss. Property tax allocation was \$301,675 for 2023.

Madison Township Revenue by Fund, 2023

Total: \$3.9M



Source: The Uniform Accounting Network (UAN)⁵

Note: In addition to their special revenue funds, the township had \$5,591 in opioid settlements which is not shown above.

Note: Due to rounding, the revenue categories may not sum up to the total listed.

As the chart above shows, nearly all of the Township’s revenue are grouped under Governmental Funds, with approximately 95.5 percent of 2023 revenue being from special revenue funds dedicated to the Fire Department (68.1 percent) and Road Department (27.3 percent) and another 4.4 percent going to the General Fund.

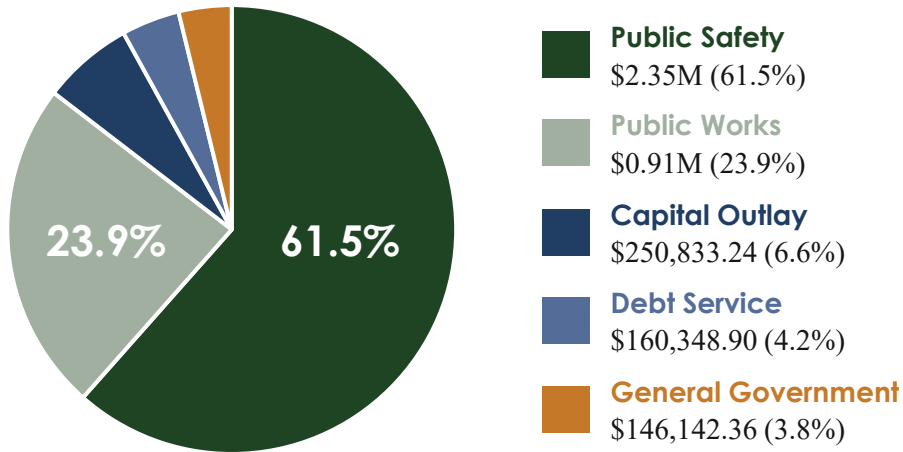
Township Expenditures

In 2023, Madison’s annual expenditures totaled \$3.82 million. Since 2020, total expenditures have ranged from \$3.4 million to \$4.2 million with average annual total expenditures being approximately \$3.7 million. The chart on the following page shows the Township’s expenditures in 2023 based on high level categories. More than half, 61.5 percent, of all expenditures were for public safety, which represents EMS and fire protection. The second largest expenditure category was 23.9 percent for public works, which represents road maintenance. The Township does not have police protection expenditures as these services are provided by the County Sheriff’s Office.

⁵ The Uniform Accounting Network (UAN) is a financial software package created by the Auditor of State’s office to support the accounting, payroll, and financial management activities of local governments in Ohio.

FY 2023 Madison Twp Expenditures by High-Level Category

Total: \$3,825,342.61



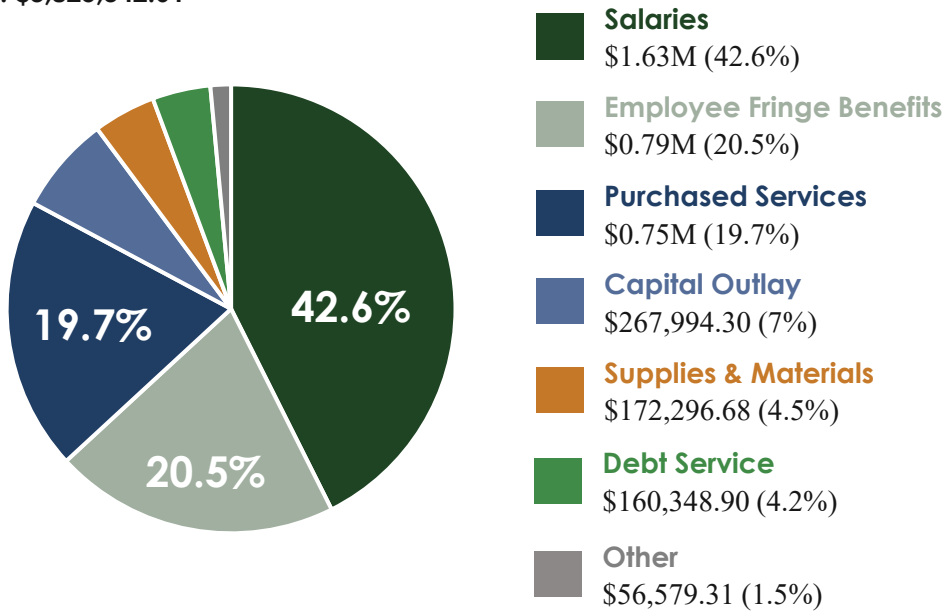
Source: UAN

The remaining 15.1 percent of the Township’s 2023 expenditures were split across spending on Capital Outlay, Debt Service, and General Government expenditures. All expenditures for the Township are made from a variety of funds depending on the purpose and type of activity.

A different way of viewing expenditures is by operational category. For example, at the Township, the largest operational expenditure area is personnel with salaries being approximately 42.6 percent of all expenditures and employee benefits being approximately 20.5 percent of all expenditures. Combined, personnel expenditures represent nearly two-thirds of the Township’s total annual expenditures. The chart on the following page shows the Township’s total expenditures by operational category.

FY 2023 Madison Twp Annual Expenditures by Object

Total: \$3,825,342.61



Source: UAN

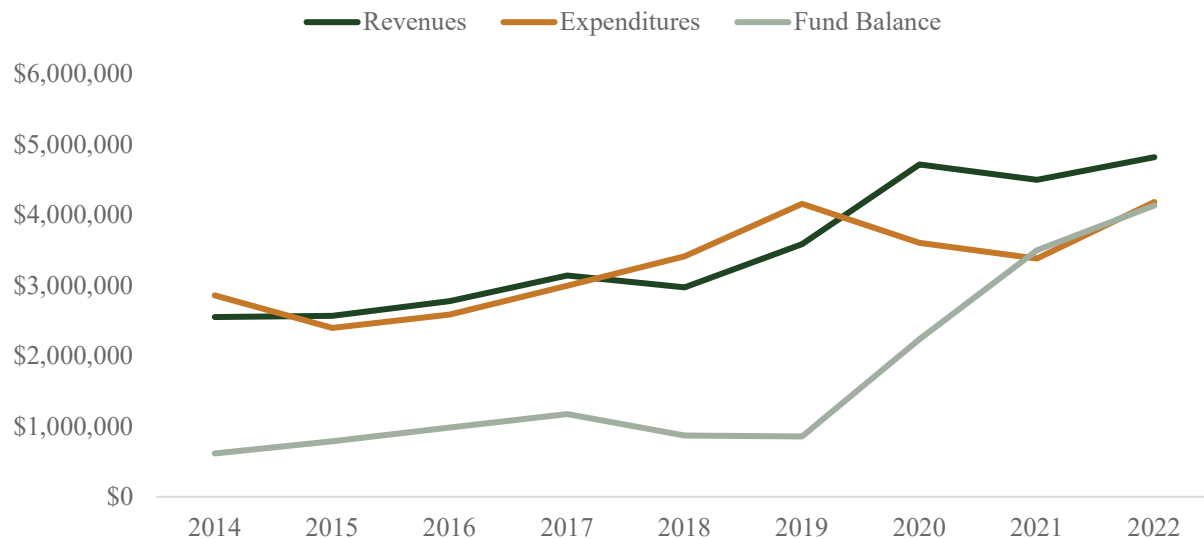
As seen in the chart, the operations of the Township are driven by people related expenses. Approximately 20 percent of the Township’s expenditures were related to purchased services, which are expenditures for goods and services that are provided by outside vendors, such as contracted personnel or utility expenses. Nearly half of the Township’s purchased services in 2023 were related to road resurfacing and maintenance contracts. See **Appendix B** for more information on purchased services.

Financial Analysis

Fiscal responsibility, and directing resources to those programs and services which are identified as critical or important to the community, is one role of local government. Revenues and expenditures are the building blocks of any organization, including government entities. Any organization must balance available resources with the demands for goods and services to ensure efficient, effective, and transparent operations.

Historically, since 2014, the Township has experienced cycles of deficit spending as total expenditures exceeded total revenues for multiple years at a time. However, in recent years, revenues exceeded expenditures by larger margins compared to earlier years. The chart on the following page shows where larger margins between total revenues and expenditures from 2019 to 2022 leading to a significant growth in the total balance among all the funds.

Historical Performance of All Funds, 2014 – 2022



Source: AOS

Between 2014 and 2020, Madison’s performance of all fund balances has fluctuated between having deficits several years and being in a slight surplus in others until a break-even point during 2019. However, since 2020, the Township has stayed in the positive, with federal assistance allowing the Township to turn a slight existing surplus into growing healthy fund balances from approximately \$900,000 to \$4 million in total.

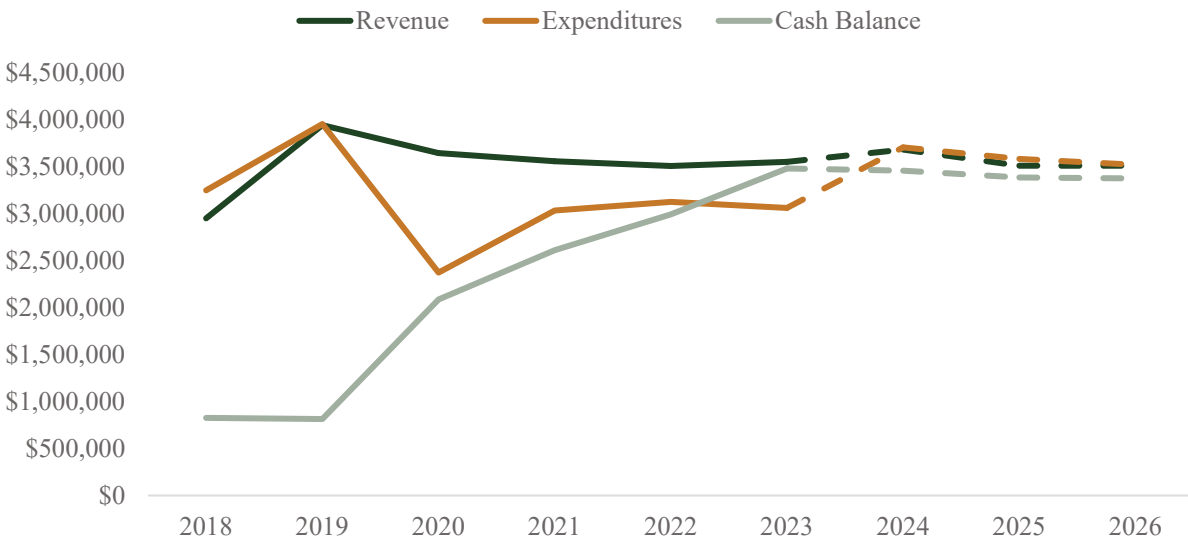
Local government spending in recent years was supplemented by large one-time influxes of federal dollars in two separate funds, passed through legislation intended to assist in recovery efforts from the COVID-19 pandemic. Between 2020 and 2021, Madison expended a total of \$542,792.80 in Coronavirus Relief Fund (CRF) dollars. Of this spending, approximately 71.2 percent went towards fire protection, approximately 25.2 percent towards EMS, and the remaining 3.6 percent split across other categories. In 2022, the Township expended \$149,597.24 from American Rescue Plan Act (ARPA) funds, with approximately 64.1 percent of that funding going towards capital outlay projects, approximately 26.9 percent going to highways, and the remaining 9.0 percent going to administrative expenses. The use of these CRF and ARPA dollars replaced some regular spending which allowed the township to accrue positive fund balances.

While revenues certainly would have been closer to overall expenditures without federal COVID relief funds, in all years applicable total revenues still would have exceeded expenditures regardless of federal relief, with an excess of \$838,101 in 2020, \$639,719 in 2021, \$65,563 in 2022, and \$110,230 in 2023.

Our audit included an analysis of the Township’s current three-year projections along with some basic comparison to the peer group. A critical step in being released from Fiscal Caution is to ensure the issues that initially led to the designation are resolved.

As previously discussed, Madison operates using several different funds. One of the issues that led to the fiscal caution designation was the presence of negative fund balances, as seen in the Township’s three-year forecast on the following page.

Madison Township Three-Year Projections, All Funds



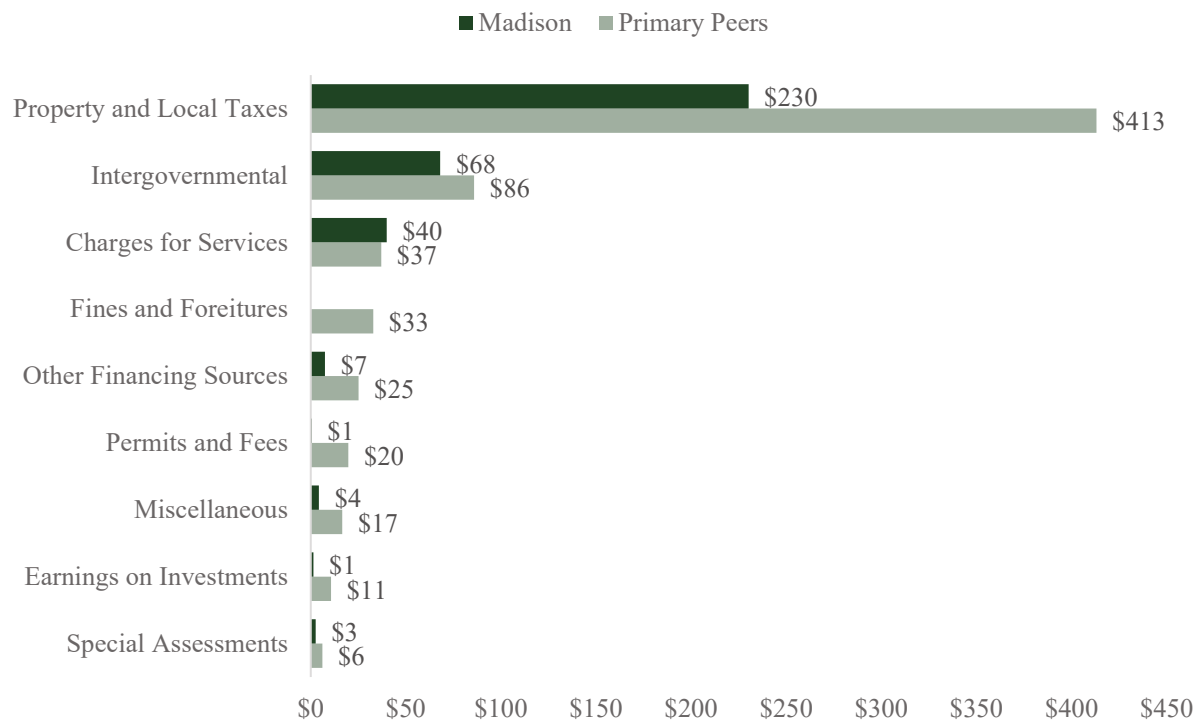
Source: Madison Township

Per this forecast, there is a sharp decline in total expenditures between 2019 and 2020, resulting in the total fund balance increasing over the time period. In the forecasted period of 2024-2026, the expenditures are projected to slightly exceed revenues on an annual basis, but the overall balance will remain positive. While this is a sign that positive steps have been taken by the Township, it does not take into account individual fund balances, which may have higher or lower levels of deficit spending.

Peer Comparisons

In addition to our review of the Township’s revenues and expenditures for 2023, we compared both to peers on a per resident basis. The chart on the following page shows Madison’s revenues by source compared to that of the primary peer averages. Notably, Madison’s local property tax revenue per resident is significantly lower than that of the primary peer average.

Total Revenue per Population, 2023

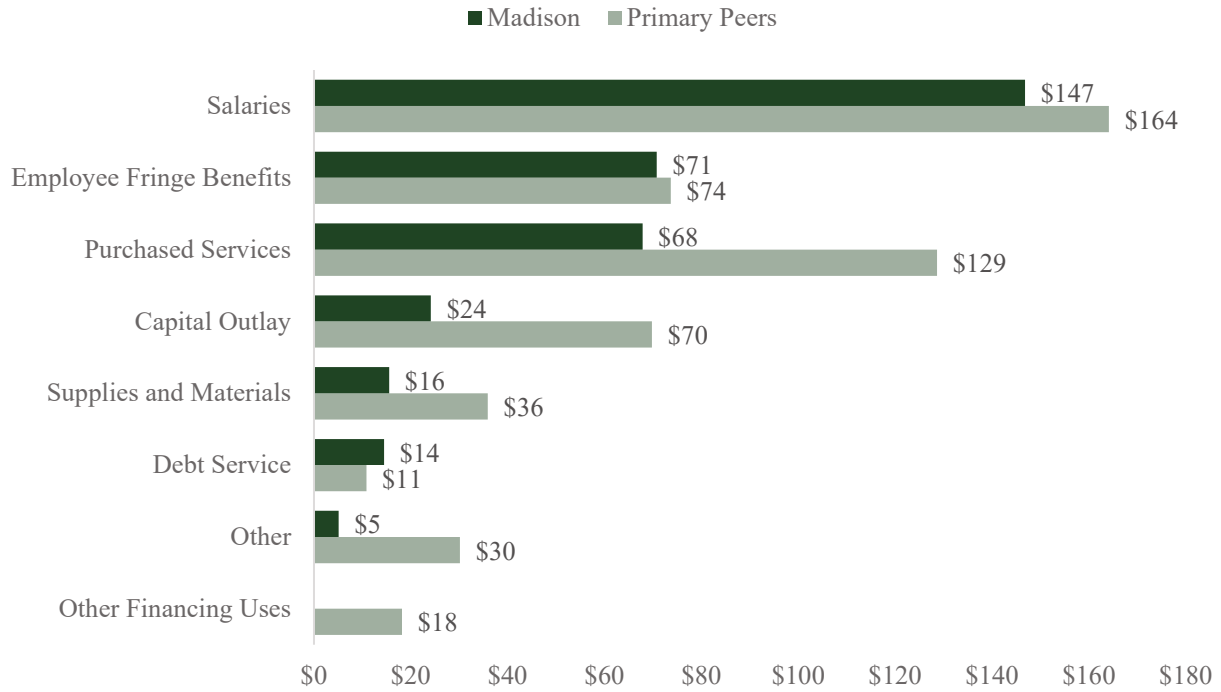


Source: Madison Township and Peers, UAN

As the chart above shows, Madison’s total revenue per population are \$294, or 45.3 percent, lower than the peer average, coming in at \$354 per resident compared to the peers’ \$648 per resident. Most noticeably, revenue generated by property and local taxes for Madison are \$183, or 44.3 percent, less than the peer average. This is largely due to differences in property values. See **Appendix B** for additional information on comparisons between Madison and the peers’ revenue and property valuation.

To examine a breakdown of expenditures per population, expenditures were controlled for only programs that Madison offered for a fair comparison. For example, when looking at salaries, salaries for police departments are not factored into the chart above since Madison does not offer police services. The chart on the following page shows the results of this comparison.

Total Expenditures per Population Controlled for Programs, 2023



Source: Madison Township and Peers, UAN

Madison’s total expenditures per population is \$345 per resident compared to the peers’ \$532 per resident in 2023. Compared to the primary peer average, this is \$187, or 35.1 percent, lower. In particular, the Township spent significantly less per resident on purchased services and capital outlays compared to the primary peer average.

Summary of Audit Results

In the performance audit of Madison Township, we examined the Township’s financial operations and planning (financial, strategic, and capital planning), human resources components (salaries, benefits, and CBAs), the Fire Department (staffing, operations, and fleet management), the Road Department (staffing, operations, and fleet management), and the Zoning Department (staffing and operations). We found that while Madison is in a state of Fiscal Caution, the Township has seen improvements in recent years with their financial state, having built up healthy fund balances since 2020. Expenditures are in control, and the Township is not overstaffed for its operations. However, the Township still needs to take steps to ensure that revenues will be sufficient to maintain expenditures moving forward.

Our audit identified 6 recommendations across several categories of the report, including sections covering the Township’s Finances and Budget, the Fire Department, Road Department, and Zoning Department. The section on Finances and Budget includes objectives that are not department-specific, and showcase practices the Township can adopt for better planning and preparation in the future, while the remaining sections address department-specific analysis. Many of these recommendations can assist the Trustees in improving the overall efficiency and effectiveness of the Township’s governance. The audit, and the associated recommendations, also provide transparency to the residents of the Township, who support the Township through their local property taxes.

Finances and Budget

As an entity that operates using public tax dollars, sound financial management is one of the foremost duties of government. This includes not only balancing current expenditures to stay within available revenues, but also developing long-term financial policies and plans for stability and transparency. We used peer comparisons and best practices research in order to review the Township’s financial condition and evaluate financial policies and long-term planning.

Recommendation 1: Maintaining minimum fund balances help entities to avoid financial difficulties that may arise from unforeseen expenses or reduced revenues. The Township does not have policies that indicate an acceptable minimum fund balance. This results in the potential for having negative fund balances, which was one of the causes of the township’s fiscal caution status. Best practices identified by the Government Finance Officers Association (GFOA) and Moody’s Investors Service (Moody’s) provide guidance on minimum fund balance thresholds. The Township should establish a minimum fund balance policy and apply it to all existing funds. In doing so, the Township would maintain balances that would help to address future unforeseen budgetary issues.

Recommendation 2: Resulting from the fiscal caution designation, the Township began to create three-year forecasts. There is no formal policy in place guiding the forecasting process or the continuation of the practice after the Township is removed from Fiscal Caution. Financial

forecasting is considered a best practice by the GFOA and allows organizations to guide both regular operations and long-term strategic planning initiatives. The Township should formalize a forecasting policy and procedure to ensure its continuation in the future.

Recommendation 3: The Township does not have a formal strategic plan in place. However, the Township does have a 3-year capital improvement plan for the Road Department and 16-year capital improvement plan for the Fire Department. The capital improvement plans include replacement of vehicles and equipment. The Township should develop a formal, written strategic plan and periodically update the current capital plan at regular intervals.

Fire Department

Madison Township Fire Department is the Township’s largest department, comprising the majority of all Township staff and the biggest segment of the Township’s budget. They are responsible for providing fire suppression and EMS services among other duties. We analyzed their expenditures, staffing, and operations (response times) using peer comparisons and best practices research.

Key Observation: Using data reported to the Federal Emergency Management Agency (FEMA), we found that the Township’s Fire Department is exceeding industry standards and operating more efficiently than the peer townships used for comparison. The Township’s Fire Department responds to more incidents per full-time equivalent firefighter and does so in a timelier manner than the peer group. Further, the Fire Department’s staff are generally lower paid than the peer group over the course of a 30-year career. This results in the Township maintaining a lower cost Fire Department that is able to perform in an efficient manner.

Issue for Further Study: Using available data, we determined that the Township’s Fire Department may rely on overtime hours to a greater extent than the peer group. Overtime can be a costly expense when used to replace regular labor. It is possible that the Township could reduce personnel expenditures related to overtime through the hiring of additional firefighters. During the course of the audit, the Township did hire additional Fire Department personnel. Careful monitoring of staffing levels and overtime usage can help to minimize unnecessary expenditures in this area.

Road Department

Madison Township Road Department is responsible for maintaining the Township’s roadways, with the majority of their time spent on paving and patching. We analyzed their expenditures, staffing, and operations (paving activity, fleet management, and data collection) using peer comparisons and best practices research.

Recommendation 4: Madison Township should incorporate best practices in developing a formal roads improvement plan. Currently the Township does not have a formal roads improvement plan in place. With 42 percent of the Township’s roads being graded as in “poor”

or “very poor” condition, the Township should adopt a more strategic approach to managing road conditions.

Recommendation 5: Madison Township should develop a fleet lifecycle policy for their fleet and incorporate it into their capital planning and strategic long term financial planning. Although the road and fire departments have capital improvement plans in place, steps could be taken to formalize vehicle preventative maintenance and replacement planning and factor maintenance costs into fleet management decisions. As a result, the Township may not be able to effectively evaluate the timing of its fleet replacement needs, which could lead to premature vehicle purchases or unnecessary operating expenses from keeping vehicles in service longer than is financially optimal. The Township should improve its fleet management data collections and apply it to its decision-making process along with formalizing preventative maintenance and replacement plans.

Zoning Department

Madison Township Zoning Department is a part-time operation, responsible for reviewing and approving zoning permits, conducting zoning inspections, and issuing notices for zoning nonconformities. We analyzed their expenditures, staffing, and operations (inspections, permit process, and fee schedule).

Recommendation 6: Madison Township should improve data collection for the Zoning Department to re-evaluate department staffing and fees. The Zoning Department does not currently track data on zoning permit processing times or pending permits. By collecting additional data, the Township can better identify the demand and workload of the Township’s Zoning Department and re-evaluate staffing levels and zoning permit fees.

Finances and Budget

Management of a township can benefit from a strategic approach to help to provide services to its residents in the most efficient, effective, and transparent manner possible, particularly given that the Township primarily operates off of revenue generated from property taxes. This responsibility falls to the elected officials of the township, including the Board of Trustees and fiscal officer, responsible for making decisions on behalf of the township and ensuring appropriate use of public funds. Trustees are able to enter into contract for services and materials as well as levy a tax to support fire protection and other services. Fiscal officers are responsible for the legal level of control which is the level at which appropriations do not exceed budgeted amounts. Township administrators play a crucial role in implementing the policies and procedures of the township.

While the Township has taken steps to improve its financial health since entering Fiscal Caution, additional steps could be taken to develop formal policies and planning to ensure the Township is kept on course. This section of the report offers recommendations related to the strategic management of the Township which would promote efficient, effective, and/or more transparent operations as they work to serve the residents of the Township.

Recommendation 1: Establish and Implement Minimum Fund Balance Policy

Maintaining minimum fund balances help entities to avoid financial difficulties that may arise from unforeseen expenses or reduced revenues. The Township does not have policies that indicate an acceptable minimum fund balance. This results in the potential for having negative fund balances, which was one of the causes of the township's fiscal caution status. Best practices identified by the Government Finance Officers Association (GFOA) and Moody's Investors Service (Moody's) provide guidance on minimum fund balance thresholds. The Township should establish a minimum fund balance policy and apply it to all existing funds. In doing so, the Township would maintain balances that would help to address future unforeseen budgetary issues.

Impact

Establishing a formalized fund balance policy that sets minimum thresholds has practical benefits that include less risk of insufficient cash flow to meet short-term obligations, better solvency in face of unexpected downturns, and more favorable lending terms in the credit markets. As the Township works to exit Fiscal Caution, ensuring sufficient fund balances year over year is important to ensure sufficient resources are available for future unforeseen budgetary issues. Additionally, the Township's cost of borrowing may be reduced in the future through the adherence to these policies that will help to support improved bond ratings, if it chooses to issue bonds.

Efficient • Effective • Transparent

Methodology

We interviewed the Township’s Fiscal Officer and Township Trustees to understand any current financial management policies and practices that are followed by Madison. We reviewed the information that was provided to us and compared it with best practices identified by the GFOA and Moody’s. In doing so, particular attention was given to fund balance policies. This was done because the Township has historically had issues with negative fund balances, which was a factor for the Township’s original designation of Fiscal Caution.

Analysis

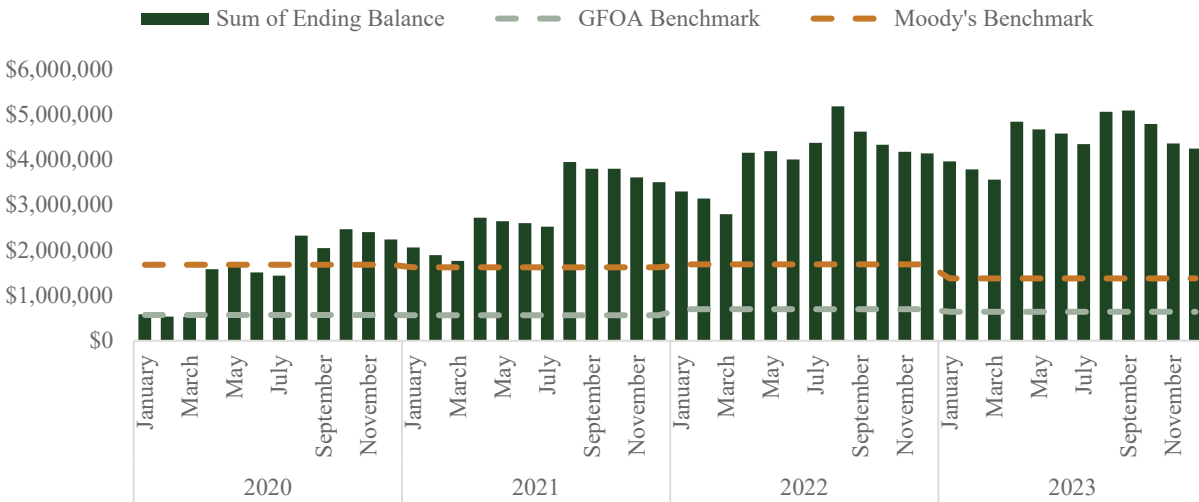
Based on our interviews and the information provided to us by the Township, we determined that Madison does not have a formal policy guiding minimum fund balance requirements. Local governments are expected to maintain a sizable reserve by “industry standards,” and by bond rating agencies. GFOA’s *Fund Balance Guidelines for the General Fund* recommends that, at a minimum, general-purpose governments, regardless of size, maintain unrestricted budgetary fund balances in their general fund of no less than two months, or 16.7 percent, of regular operating revenues or expenditures. For Madison, this equates to approximately \$617,000 between all their funds.

Moody’s Investors Service, (Moody’s), is a well-known and respected agency that provides credit ratings for business and governmental organizations. These ratings are then used to determine the creditworthiness of an organization seeking to borrow funds, such as a governmental organization issuing bonds. While it is important to understand that fund balances are only one of many factors that are considered by a bond rating agency, Moody’s looks for fund balances of more than 35 percent of annual revenue to provide the highest rating (Aaa) for general obligation debt. If Madison met this standard, it would require a reserve fund balance of approximately \$1.5 million.

While the Township has had historic issues with maintaining sufficient fund balances, it has recently begun to build large reserve balances. As discussed in the **Financial Analysis** in the report background, Madison’s total fund balance began to grow in 2019. The changes made by the Township resulted in revenues exceeding expenditures. The growth in fund balances was further aided by federal COVID-19 relief funding that the Township received.

Using financial data from 2020 through 2023, the total Township’s total fund balance met the GFOA standard beginning in April 2020 and met the Moody’s standard beginning in August 2020. The Township’s combined fund balance for 2020 through 2023 compared to the two benchmark criteria is seen in a chart on the following page.

Monthly Fund Balances for All Funds vs Criteria, 2020 – 2023



Source: AOS

While the Township has built a significant total fund balance, without a formal minimum balance policy it is at risk for future financial concerns. Additionally, while the total fund balance has a positive balance, this does not indicate that all individual funds are maintaining positive fund balances. In particular, the Township has forecasted deficit spending for specific fire funds within the next three-year period which will affect the fund balance. Because the Township utilizes Special Revenue Funds, it is unlikely to be able to transfer revenues between funds due to restrictions by law.⁶ Setting a minimum fund balance policy that impacted each individual fund would allow the Township to better manage its financial condition.

The practical benefits of an increased reserve fund balance include less risk of insufficient cash flow to meet short-term obligations, better solvency in the face of unexpected downturns in enrollment or other revenue streams, and more favorable lending terms in the credit markets. Risks are difficult or often impossible to estimate exactly. That is why setting a range, instead of a single point, for the reserve fund balance is considered a best practice.

Conclusion

The Township should establish formal reserve fund balance policies to align with financial management best practices. By doing so, the Township will be able to better manage its financial condition and adapt to unforeseen issues such as reduced revenues or the need for increased expenditures.

⁶ ORC § 5705.14 - ORC § 5705.16

Recommendation 2: Formalize and Improve Forecasting Practices

Resulting from the fiscal caution designation, the Township began to create three-year forecasts. There is no formal policy in place guiding the forecasting process or the continuation of the practice after the Township is removed from Fiscal Caution. Financial forecasting is considered a best practice by the GFOA and allows organizations to guide both regular operations and long-term strategic planning initiatives. The Township should formalize a forecasting policy and procedure to ensure its continuation in the future.

Impact

By formalizing a forecasting policy and implementing best practices, the Township will have the ability to develop forecasts that are reliable and provide an accurate representation of Madison's financial condition. As the Township improves its forecasting practices, it will be able to improve the overall accuracy and usefulness of the forecast document.

Methodology

We interviewed Township officials to understand their forecasting process. Once we gained an understanding of Madison's forecasting process, we compared the Township's process to *Financial Forecasting in the Budgeting Preparation Process* (GFOA, 2014).

Analysis

As a result of Fiscal Caution, the Township produces a three-year forecast. The most recent forecast is projecting deficit spending, expenditures exceeding revenues, within their fire funds between \$100k to \$200k annually. The forecasting of deficit spending is a barrier for the Township from possibly being released from Fiscal Caution status.

The purpose of a financial forecast is to evaluate current and future fiscal conditions to guide policy and programmatic decisions. Financial forecasting is a best practice with the GFOA, and this practice should continue in the future. Also, there are best practices that the Township could adopt to further improve this tool.

According to the GFOA, the first step in the forecasting process is to define the fundamental assumptions impacting the forecast. Forecasting can be challenging but part of a successful forecast is clearly communicating the underlying factors in the forecast. The underlying factors include gathering information to support the forecast, examination of historical data, relevant economic conditions, demographic trends, and other relevant variables that may impact expenditures and revenues. Department heads may have insight into activities within their own section and so their insight can be incorporated as well.

The credibility of the forecast is essential, and this can be improved by having a transparent forecast process, describing forces acting on your revenues or expenditures that might cause the actual results to differ than the forecast, and staying within acceptable accuracy tolerances for the forecast. Involving other staff in the forecasting process in these steps will also help ensure that understanding of the method is shared by key stakeholders. The forecast is not an isolated tool and is improved by incorporating other financial policies to help emphasize financially sustainable decisions. One of those financial policies could be a reserve fund policy (as discussed in **Recommendation 1**) as these policies imply the need for forecasting tools to see if reserve levels will remain within desired parameters given future spending and revenues.

Conclusion

By adopting a formal, written forecasting policy, the Township will be able to better understand both its short-term and long-term financial needs. This policy should take into account the needs of each department and have input from appropriate officials. The written policy will also allow for transparency and understanding in identifying each employee's role and responsibilities as it relates to forecasting.

Recommendation 3: Develop and Adopt a Strategic Plan

The Township does not have a formal strategic plan in place. However, the Township does have a 3-year capital improvement plan for the Road Department and 16-year capital improvement plan for the Fire Department. The capital improvement plans include replacement of vehicles and equipment. The Township should develop a formal, written strategic plan for operations and services and periodically update the current capital plan at regular intervals.

Impact

Local governments should have formal plans that identify future needs and that guide every operational area. It is important that a Township maintains a long-term strategic plan that is tied to a formal capital plan. This allows the Township to ensure that the needs of all operational areas can be adequately funded and met in an efficient and effective manner.

Methodology

We interviewed Township officials regarding their strategic and capital planning practices and compared them to industry best practices.

Analysis

The GFOA provides guidance to governmental entities in the development and maintenance of effective long-term planning. *Establishment of Strategic Plans* (GFOA, 2005) defines strategic planning as "a comprehensive and systematic management tool designed to help organizations assess the current environment, anticipate and respond appropriately to changes in the environment, envision the future, increase effectiveness, develop commitment to the organization's mission, and achieve consensus on strategies and objectives for achieving that mission."

Key steps in the strategic planning process include:

- Initiating the strategic planning process;
- Preparing a mission statement;
- Assessing and identifying environmental factors and critical issues;
- Agreeing upon and developing strategies for a small number of broad goals;
- Creating an action plan, including measurable objectives and performance measures;
- Obtaining approval of the plan; and,
- Implementing, monitoring, and reassessing the plan.

According to *Multi-Year Capital Planning*: (GFOA, 2022) state and local governments should prepare and adopt comprehensive, fiscally sustainable, and multi-year capital plans to ensure effective management of capital assets. A prudent multi-year capital plan should:

- Identify and prioritize expected needs based on the entity's strategic plan;
- Establish project scopes and costs;
- Detail estimated amounts of funding from various sources;
- Project future operating maintenance costs; and,
- Cover a period of five to 25 years or more.

Conclusion

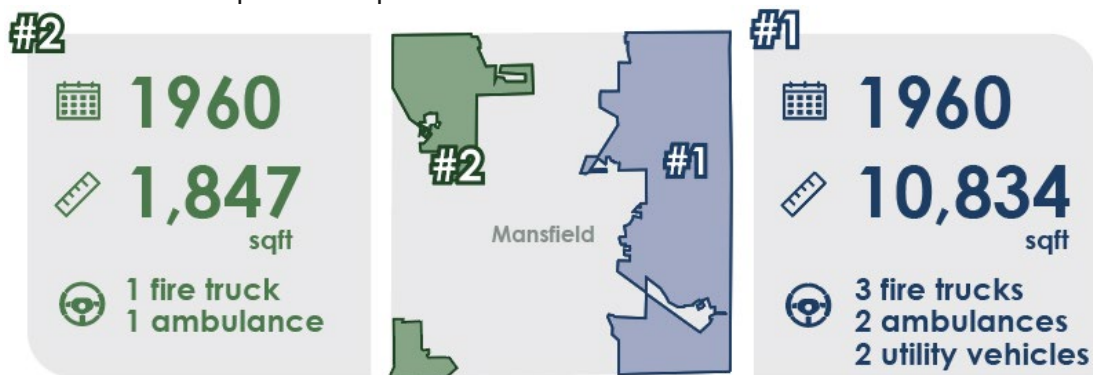
By not having formal, written strategic and capital plans the Township may not be able to effectively address all financial, programmatic, and operational needs of the Township. Therefore, it should concurrently develop such plans in order to improve program and funding decisions. Without a goal and resource-oriented strategic plan based on input from key financial and operational participants, the Township is at risk of not fully evaluating the relationship between its spending decisions and program outcomes.

Fire Department

The Madison Township Fire Department (Fire Department) provides fire suppression, EMS, and other support to the residents of the Township. In addition, the Fire Department participates in mutual aid agreements with other local governments, which allows for the pooling of fire department resources in order to respond to large events. More than half of the Township’s annual budget is spent on Fire Department expenditures, with fire and EMS representing approximately 61.5 percent of the Township’s total 2023 expenditures. As previously noted, the majority of Madison’s revenue is generated for specific purposes. The Fire Department is funded by four levies that are distributed to various Special Revenue Funds within the Township.

The Township employs 15 full-time firefighters, 13 part-time firefighters, a fire chief, and an administrative assistant within the Fire Department. Each of the full-time firefighters are also trained and certified as paramedics and provide EMS to the Township. The Fire Department operates out of two stations, which are separated by the City of Mansfield and staffed by at least four firefighters 24 hours a day, 365 days a year. The Township has three fire trucks (a ladder and two engine trucks), a tanker truck, three ambulances, and two all-purpose trucks. The visual below provides a brief overview of the Fire Department’s current facilities along with photographs of each of the stations.

Madison Township Fire Operations At-a-Glance



Source: Madison Township

We reviewed the Township’s Fire Department staffing and operations and compared it to that of the primary peer group. This was done to determine if there were any opportunities for the Township to reduce Fire Department expenditures or improve efficiency and effectiveness. As previously mentioned, the Fire Department has two stations, identified as #1 and #2 in the infographic on the previous page. Notably, these two stations are separated by the City of Mansfield. The Township’s geography, and the fact that it is trisected by Mansfield, is an important consideration when evaluating operations. Our analysis did not consider the consolidation of stations, contracting out service, nor did it consider entering joint services agreements with contiguous fire districts. It is possible for cost savings with these alternative fire services compared to current services provided by the Fire Department.

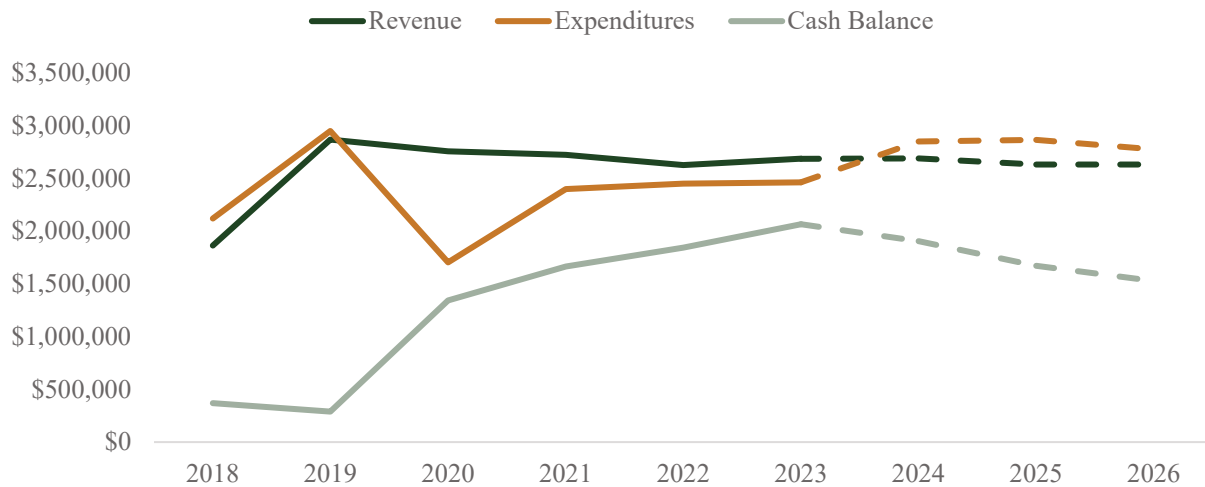
Fire Department Financial Condition

The Township’s three-year forecast, which was submitted to Local Government Services (LGS) in April 2024, provides details on a five-year historic basis and three-year future projection.⁷ The graphic below shows the Township’s forecasted projection for the four funds which support the Fire Department combined. Over the past several years, as seen in the chart, revenues for the Fire Department funds have exceeded expenditures, allowing the cumulative cash balance of the funds to grow over time. However, beginning in 2024, the Township is projecting annual deficit spending where expenditures will exceed revenues. While this will not result in an immediate negative fund balance, over time the surplus may be depleted.

The Fire Department currently operates on four levies, including three continuous levies for a total of 6.58 effective mills and one 5-year term levy at 2.51 effective mills. The term levy was renewed in 2015 and ends in tax year 2025. For 2024, the term levy generates approximately \$505,000. The projections on the following page shows expenditures exceeding revenues even with the renewal of the term levy. Without the renewal of the levy, the projected deficit spending will likely increase further beginning in 2025.

⁷ LGS serves as a consulting and fiscal advisory group to all government agencies, school systems, and political subdivisions. Local governments in fiscal distress designation work with LGS on a financial recovery plan which includes but is not limited to a multi-year forecast and capital maintenance plan.

Madison Twp Current Fire Fund Projections

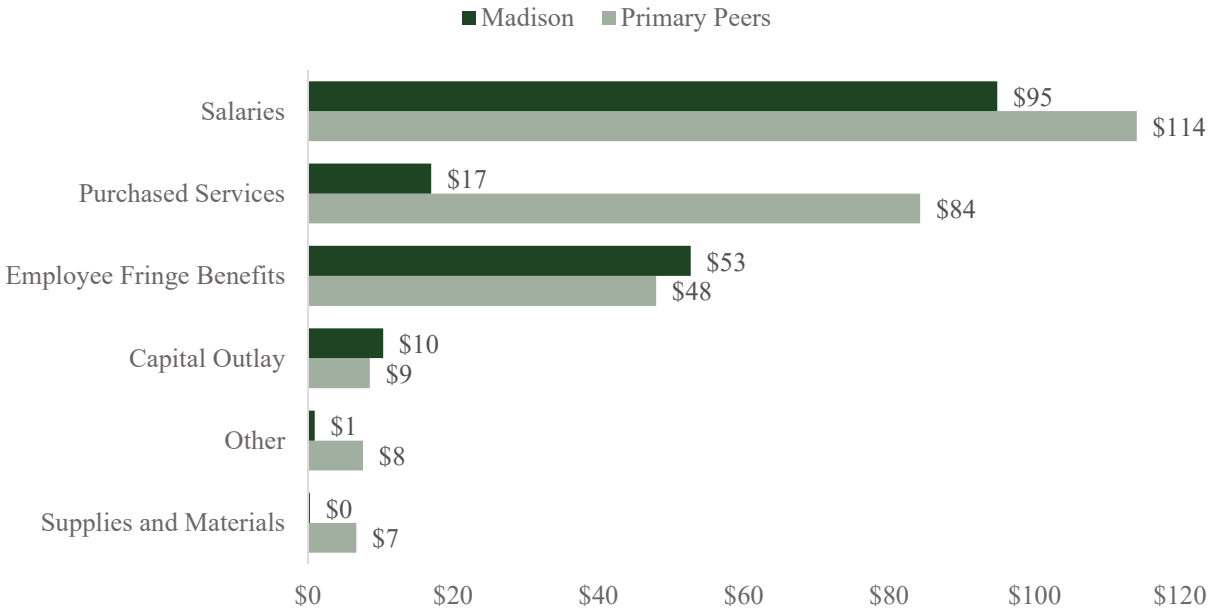


Source: Madison Township

In order for the Township to exit Fiscal Caution, it must first ensure that it resolves the projected annual deficit spending within the Fire Department funds. Because expenditures are within the control of the Township, we reviewed annual expenditures for the Fire Department and compared them to the peer averages. Because none of the Townships are exactly the same size, we compared expenditures on a per resident basis.

As seen in the chart on the following page, the Township is spending less on fire protection expenditures on a per resident basis compared to the peer average expenditures. In total, the Township spends approximately 20.8 percent less per resident on fire expenditures per resident than the peer average.

Fire Protection Expenditures per Resident, 2022



Source: UAN

Madison’s employee costs for fire protection services, salaries and benefits, were in-line with the peer averages, meaning that firefighters working for the Township are receiving competitive compensation (see **Appendix D** for more detail). The Township’s purchased services, which generally include costs for EMS and utilities and other outside contracts, were significantly lower than the peer average. This may be due to the EMS certification held by all of the Township’s full-time firefighters. In addition, in 2022, the year used for comparison, the Township had lower capital outlay than the peer average. This could be driven by the purchase of a fire truck or other large piece of equipment at one or more of the peer townships.

While the Department is projecting a deficit in their fire funds in the coming years if revenues remain constant, its fire expenditures per population are in-line with their peer departments. While this metric does not necessarily speak to the overall financial position of the townships, confirming that Madison and its peer fire departments operate with similar resources (per population) enables a fairer assessment of how Madison’s operational performance compares to its similarly-resourced peer departments from an efficiency and effectiveness standpoint.

Fire Department Operations

To compare the activity, or the efficiency and effectiveness of the Township’s Fire Department, we used data gathered by the Federal Emergency Management Agency (FEMA). FEMA maintains the National Fire Incident Reporting System (NFIRS), which collects data from fire departments across the country on the types of incidents to which participating departments respond. NFIRS is a voluntary database system, and according to FEMA approximately two-thirds of fire departments

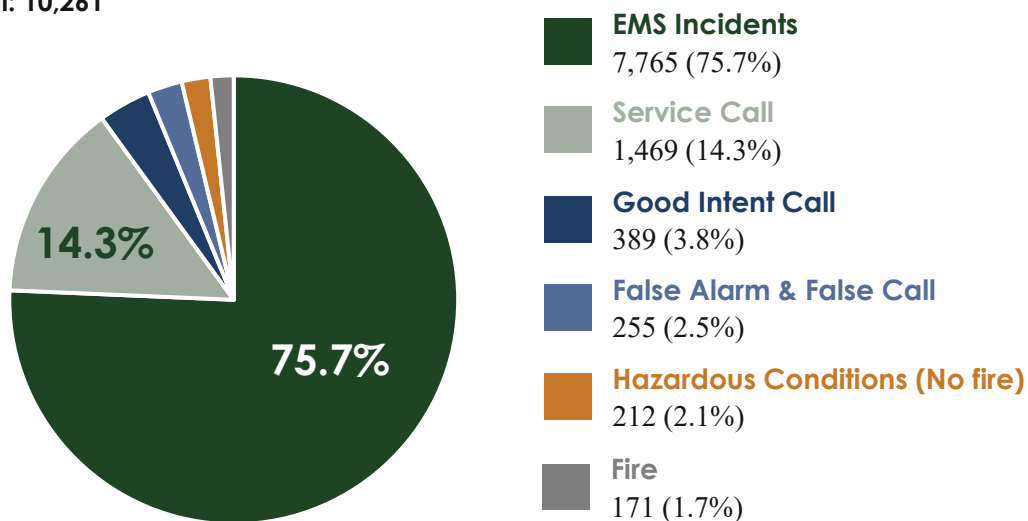
nationwide participate in reporting data. This data is gathered on a statewide basis and sent to the US Fire Administration for consolidation into the nationwide database. The raw data was filtered to information only pertaining to Madison and the primary peer townships. The data set was used to make a series of comparisons between Madison and the peer average across a range of metrics included in the NFIRS data, including overall number of incidents, incidents per time period and per resident count, types of incidents, incident response times, timing of the incidents for time of day and day of week, and mutual aid given and received. By examining fire incident data obtained through NFIRS, as well as industry standards on incident reporting, we were able to assess Madison Township Fire Department’s operational performance.

Incidents

The Fire Department responds to a variety of calls beyond fire protection services. As seen in the following chart, between 2018 to 2022 the majority of the Townships incidents, approximately 76 percent, were related to EMS. Similarly, approximately 68 percent of the incidents for the peer group in that time period were also for EMS. The chart below shows the types of incidents that the Fire Department responded to between 2018 and 2022.

Incidents by Category, 2018-2022

Total: 10,261



Source: FEMA

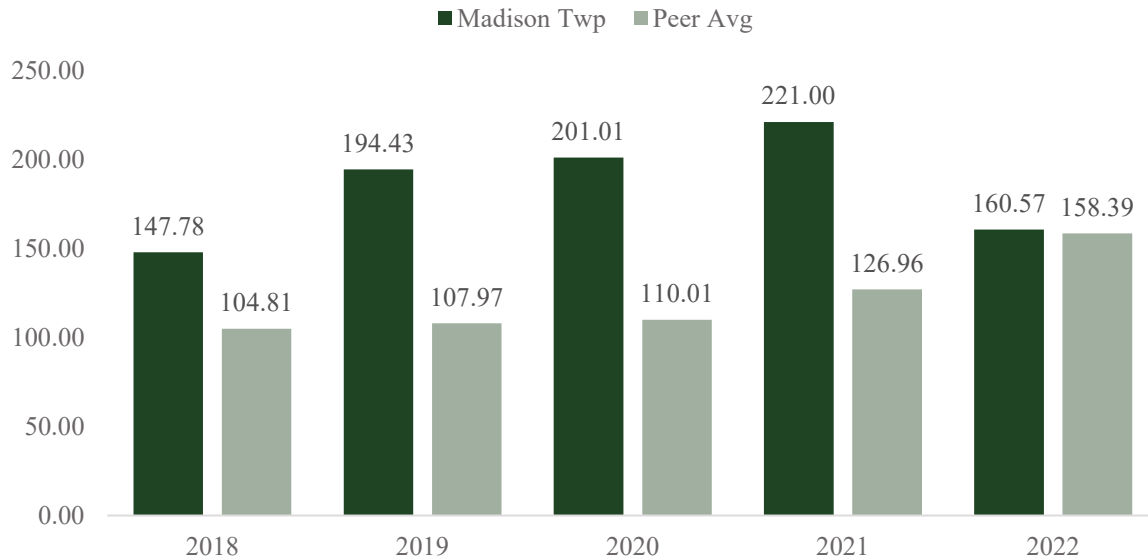
Note: Excludes 5 special incidents, 2 overpressure rupture, and 1 severe weather incident.

While the types of incident responses are similar to the peers, the Township has historically responded to more incidents than the peer average on a per-1,000 resident basis.⁸ The chart

⁸ To isolate individual fire incidents, only records of the primary fire department are included as it relates to mutual aid. Mutual aid either given to an outside fire service entity upon request of the outside entity, or automatic aid given through mutual-aid agreements.

below shows the number of incidents that the Fire Department responded to between 2018 and 2022 compared to the peer average. Notably, while Madison had significantly higher incident rates in 2018 through 2021, the number was nearly identical in 2022.

Fire Department Incidents per 1,000 Residents, 2018-2022



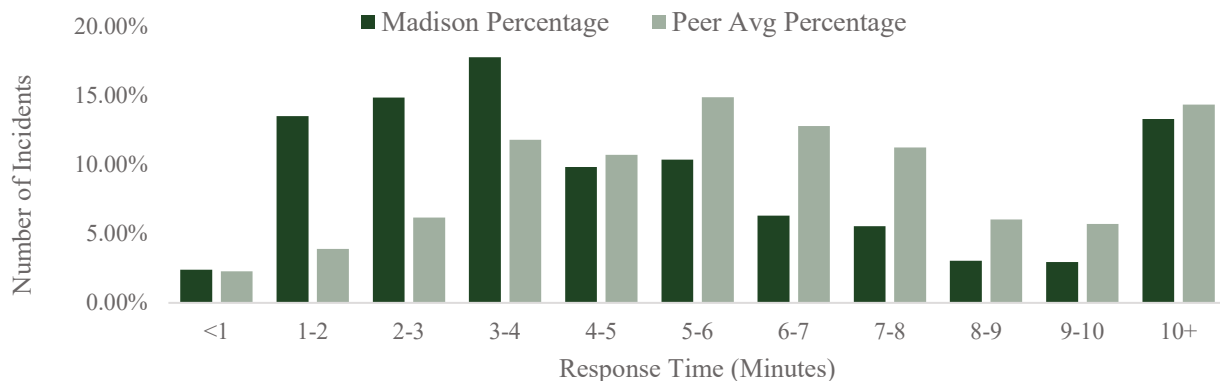
Source: FEMA

While we were unable to identify a cause for the wide variance in incident counts between Madison and its peers from 2018 to 2021, Madison’s Fire Chief attributed it to the Township’s demographics (more elderly and people under the poverty level) and proximity to major trafficways and destinations that bring higher external traffic to the community.

In addition to comparing the volume of calls that the Fire Department responds to, we also used available data to compare the response rate for these calls. The National Fire Protection Association’s industry benchmark states that a fire department should respond to a call within 7 minutes. Overall, Madison’s average response rate for Fire Department calls is 6.4 minutes. In addition to being below the industry standard, we found that, between 2018 and 2022, the Township’s response to incidents averaged across all response categories were 11.9 percent faster, or about 52 seconds, than the peer district average.

At a high level, response time analysis shows that the Township is performing as well or better across most metrics compared to the peer averages. We further compared the Township’s response time broken down by minute and compared it to the peer average. The chart below shows the results of this analysis. The chart visualizes what percentage of calls are answered within a certain time frame.

All Incidents Response Times by Buckets (Mins), 2018-2022



Source: FEMA/NFIRS

Another way of looking at Madison Fire Department’s quicker response times is by the time buckets their incidents fall in, ranging less than a minute to over ten minutes for a response at the extremes. Nearly 60 percent the calls received by the Township are responded to within 5 minutes compared to approximately 35 percent of calls received by the peer group. As the chart above shows, there is a clear tendency for more of Madison’s responses to fall in the earlier time buckets than is seen in the peer average.

Fire Department Staffing

Our analysis of the Fire Department’s expenditures and operations indicate that it is spending less on a per resident basis while responding to more incident calls in a more efficient way than the peer averages. The final portion of our analysis of the Fire Department was of its staffing levels. As staffing represents the largest portion of expenditures, it is often an area where reductions may be possible.

Staffing

We determined Madison Township Fire Department’s current total staffing levels in terms of both headcount and FTEs. Staffing levels were normalized in accordance with fire incidents, square mileage of the township, as well as on a per 1,000 resident basis, and compared to the statewide peer set. In addition to these staffing efficiency assessments, we also looked at the Department’s use of overtime. Due to limited data from the peers, we did not make a recommendation related to overtime. However, using available data, it does appear that the Township may rely on overtime hours to a greater extent than the peer group. (see **Issue for Further Study** for more information).

The results of our staffing analysis compared to the peer averages are found in the table below. Overall, our staffing analysis showed that the Township has fewer residents than the peer average, but that the population is denser than that of the peers, meaning that there are more residents per square mile. It is possible that the Township’s higher population density allows it to

respond to incident calls in a more efficient manner compared to the peers that must provide coverage to a larger area. However, it is also important to consider that the Township’s jurisdiction is separated by the City of Mansfield which can lead to further distance traveled for certain incidents.

Fire Department Demographical Data

	Madison Township	Peer Avg.*	Difference	% Difference
Population	11,106.0	11,497.2	(391.2)	(3.4%)
Square Miles	15.2	19.4	(4.2)	(21.9%)
Incidents	2,053.8	1,396.5	657.3	47.1%
Firefighter FTEs (2496 hrs.)	21.9	20.6	1.3	6.1%
Population per Sq. Mile	730.5	591.1	139.3	23.6%

Staffing Relative to Service Coverage

Metrics	Madison Township	Peer Avg.*	Difference	% Difference	Adjusted Difference in FTEs
Residents per FTE	507.5	557.3	(49.81)	(8.9%)	(1.9)
Square Miles per FTE	0.7	0.9	(0.2)	(26.3%)	(5.7)
Incidents per FTE	93.9	67.7	26.2	38.6%	8.5

Source: FEMA, Madison Township, and Primary Peers

Note: Peer average for staffing analysis includes Brunswick Hills, Canton, Concord, and Liberty Townships. Incidents represent the average annual total from 2018 to 2022.

When comparing Madison’s staffing levels to the peer averages on an FTE basis, we found that the Township has fewer residents and fewer square miles per FTE firefighter while having 38.6 percent more incidents per FTE compared to the peer averages. The adjusted difference in FTEs shows the normalized difference between Madison Township and the peer average based on the respective metric. For example, in order for Madison Township’s staffing to be in line with the peer average on an incident per FTE basis, the Township would need to add 8.5 FTEs approximately.⁹

⁹ The calculation for determining the number FTEs needed equals Madison Township’s incidents divided by the peer average incidents per FTE minus the Township’s current staffing levels in FTEs.

Issue for Further Study: Fire Department Overtime

Using available data, we determined that the Township’s Fire Department may rely on overtime hours to a greater extent than the peer group. Overtime is often necessary within fire departments, particularly those that use a 24-hour shift schedule as Madison does. It is important that overtime be use strategically as it can be a costly expense when used to replace regular labor.

Due to the availability of data, our overtime analysis was limited to three peers. Using this data set, we determined that Madison Township had significantly higher overtime hours within the Fire Department compared to the limited peer average, with its three-year average of overtime hours being nearly twice as high as shown in the table below.

Overtime Hours 2020-2023

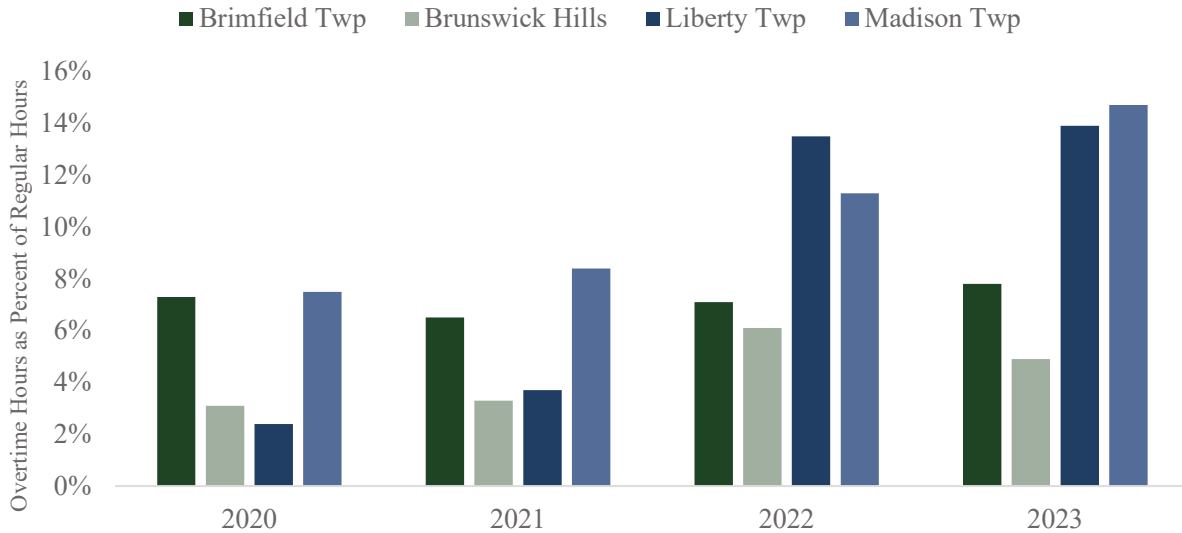
	Madison Twp	Peer Avg.	Difference	% Difference
2020	2,668.75	1,455.21	1,213.54	83.4%
2021	4,467.25	1,681.71	2,785.54	165.6%
2022	5,773.75	3,694.44	2,079.31	56.3%
2023	7,877.75	3,795.58	4,082.17	107.6%

Source: Madison Township and Primary Peers, UAN

Note: The peer average for the overtime analysis includes only Brimfield Township, Brunswick Hills, and Liberty Townships due to availability of data.

The overtime analysis was standardized by looking at overtime hours as a percentage of regular hours worked. As shown in the visual below, Madison Township’s fire department uses on average 10 percent of regular hours as overtime hours compared to the peer average of approximately 7 percent of regular hours as overtime hours.

Overtime as a Percent of Regular Hours



Source: Madison, Brimfield Township, Brunswick Hills, and Liberty Township

The Township Fire Department’s higher levels of overtime hours, both in total and on a percentage of regular hours basis, could be driven by a variety of factors. These potential factors include the Fire Department’s lower total staffing and higher call volume compared to the peer averages along with the need for coverage using a 24-hour shift schedule.

During the course of the audit, the Township did hire additional Fire Department personnel. Five additional full-time firefighters were hired at the end of 2023. The Township should carefully monitor and evaluate staffing levels and overtime usage to help to minimize unnecessary expenditures in this area.

Road Department

Madison Township Road Department is responsible for maintaining the Township’s roadways, including paving and patching, snow removal, and maintenance to ensure roadway visibility. The Road Department is staffed by three full-time employees, including two road workers and a road crew lead. Their fleet consists of four dump trucks, two pickup trucks, a trailer, and mowers, which are all maintained in the Road Department’s garage. Most repairs are performed internally, but some larger repairs are contracted out when necessary.

Recommendation 4: Develop and Adopt a Formal Roads Improvement Plan

Currently the Township does not have a formal roads improvement plan in place. With 42 percent of the Township’s roads being graded as in “poor” or “very poor” condition, the Township should adopt a more strategic approach to managing road conditions. The Road Department’s road repair activity historically has fluctuated with higher use of road repair material. A roads improvement plan would help ensure effective allocation of the Road Department’s effort and time with road repair. Madison Township should incorporate best practices in developing a formal roads improvement plan.

Impact

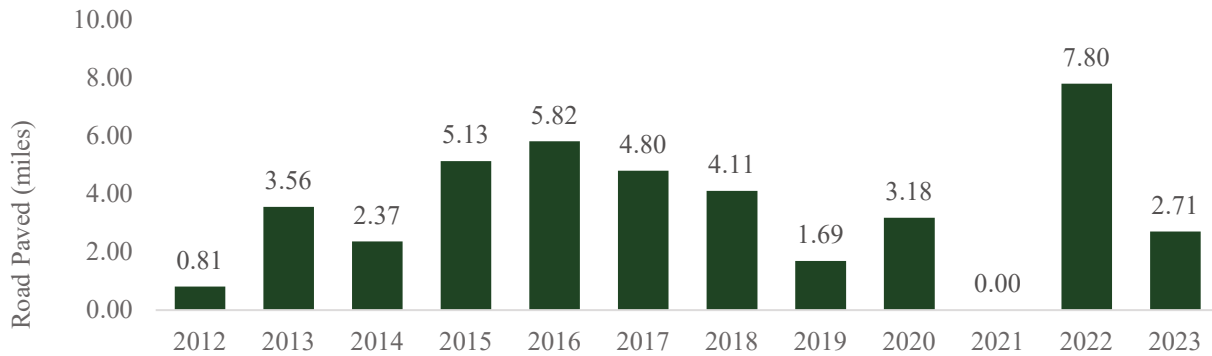
Road repair activity fluctuates year to year but is high relative to peers. As part of the planning best practices, Madison should collect and monitor data regarding road conditions, life cycles, and repair history to develop a roads improvement plan that helps ensure appropriate actions are being taken to approach road maintenance strategically. This can help improve the condition of Township roads, ensure the best allocation of Township funds when selecting projects and making long-term financial decisions regarding staffing and capital purchases, and increase transparency and accessibility for the Township through publicly sharing the plan to build community support for the Road Department.

Background

The maintenance and repair of roads is one of the most significant functions of Ohio’s townships today. Madison’s Road Department is comprised of one crew leader and two road crew staff. Using a variety of comparisons, we found that the Township’s staffing levels were either in-line with or below the peer average for the Road Department (See **Appendix F**).

The Road Department is responsible for maintaining the 70.2 miles of roads. The Department’s duties include paving, pothole patching, snow and ice control, and grass and tree maintenance for roadway visibility, with road repair taking up the vast majority of their time. The miles of roads the Department paves fluctuates year to year but historically, between 2012 and 2023, the Road Department paved 3.5 miles per year on average.

Annual Road Miles Paved by Madison Township

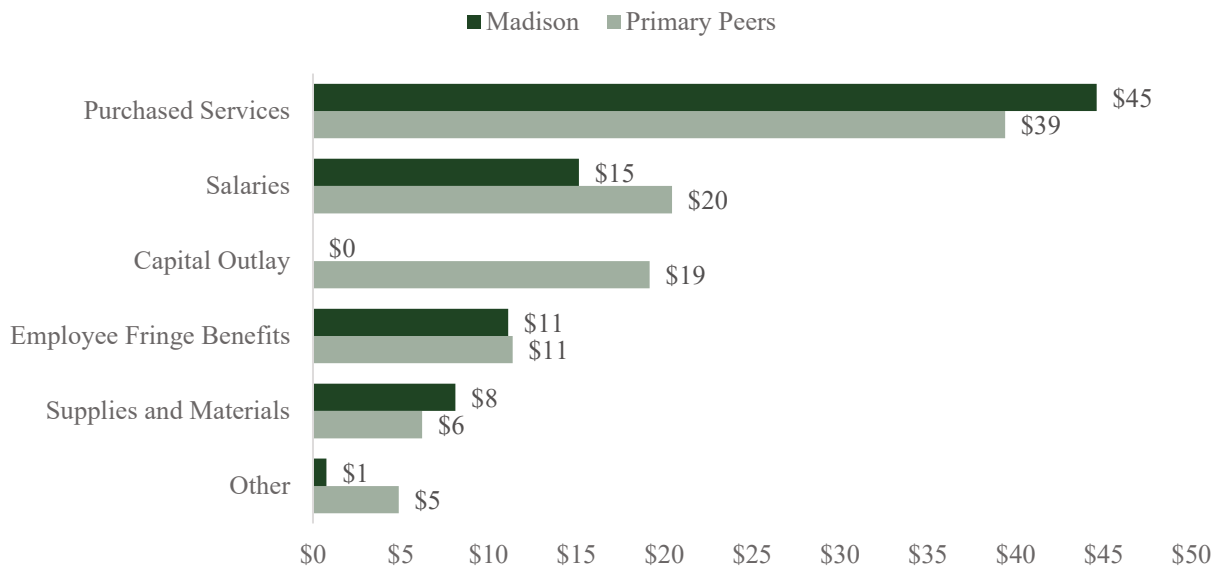


Source: Madison Township

The Road Department has paved approximately 14 miles in the last four years, and in turn it has used a significant amount of road materials, primarily in the form of asphalt. From 2020-2023, this amount ranged from 131 to 666 tons of road material, annually. Currently, repairs are selected as needed by the Trustees and/or Road Department, as the Township does not have a formal roads improvement plan in place.

The Road Department’s expenditures are largely in line with the primary peer averages on a per population basis for 2023, at \$80 to peers’ \$100 per population, despite having higher road repair activity. The outlier cost for the peers is related to capital outlay which includes vehicles and equipment, as shown in the visual below.

Road Department Expenditures per Population, 2023



Source: UAN

Salaries and fringe benefits were analyzed as part of the performance audit but were found to be in line with the local peers, see **Appendix D**. While purchased services (services contracted out to other entities) and supplies and materials (primarily road repair material) are categories where Madison spends more than the peers, the total cost is in line with the peers when accounting for the other categories.

Methodology

We gathered information on the road maintenance activity from the Township. The Richland County Regional Planning Commission conducted a roads condition grading of all local roads within the county and provided data related to Madison. We also conducted interviews with the Road Department Crew Leader and Township Trustees regarding the Road Department’s operations and road maintenance practices. These practices were compared best practices outline in ODOT’s Transportation Asset Management Plan (TAMP) and other Ohio townships roads improvement plans.

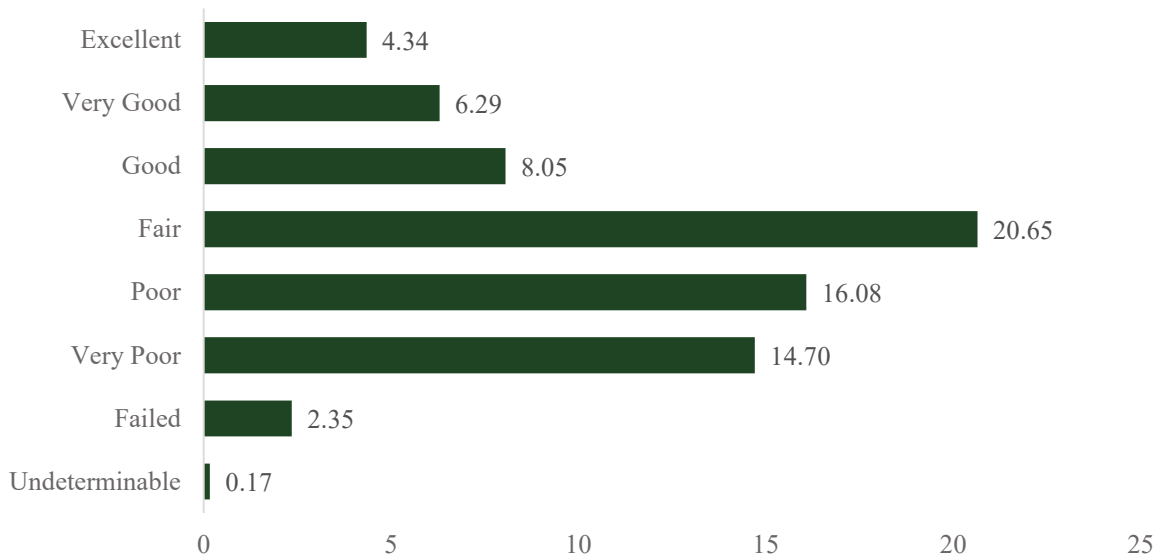
Analysis

ODOT’s TAMP applies to all roadways and bridges on the National Highway System within Ohio. However, the components of the plan can be applied to local government’s road improvement plans:

- Asset inventory and conditions;
- Asset performance targets;
- Life cycle planning;
- Risk management; and.
- Financial Plan & Investment Strategies.

The first step in developing such a plan is to have an asset inventory and information on the conditions. The assets are the roads which for the grading and conditions of their roads, Madison did not have this inventory. The Richland County Regional Planning Commission (RCRPC) conducted a review and inventory of the conditions of all local roads in the county this year. This is information the Township can use moving forward in developing a strategic plan. The study shows that approximately 14.7 percent of roads are either excellent or very good, 39.5 percent are good or fair, 42.3 percent are very poor to poor, and 3.2 percent failed as shown below.

Roads Conditions Rating in Miles



Source: Richland County Regional Planning Commission

The rating system indicated above is on a scale from 0-10, 0 being undeterminable and 10 being excellent. Severe distress with extensive loss of surface integrity warrants a failed rating. Whereas a poor or very poor rating entails alligator cracking on less than 25 percent or extensive block cracking on more than 50 percent of the surface. Good to very good ratings would be for roads where the surface shows some traffic wear or few wheel path cracks but relatively minimal. Finally, excellent ratings would be for new construction or like-new condition.

Best Practices

Ensuring there is some level of monitoring and routine planned investments in place for asset performing targets and life cycle planning as it relates to township roads can increase understanding of road conditions and save money in the long run. An example of this can be seen in Liberty Township in Butler County, which scores their pavement annually on a 0-10 scale and creates a list of streets to be evaluated with different types of paving identified for specific pavement needs and tracking pavement life cycle. Auburn Township exhibits some data collection best practices by consulting with the county engineer's office to publish a three-year plan specifically "written in a comprehensible manner" to make it more easily approachable by township residents, alongside keeping track of different types of roads, their respective repair histories, and road salt usage all publicly available on the township website. More long-term planning can be seen in how Colerain Township approaches their road maintenance, which looks at street repairs for a five-year cycle and shares their plan online to keep the community informed and open the door to questions.

Risk management can be used to develop a prioritization of projects within a roads improvement plan. The lifecycle of the roads will be influenced by its design, traffic volume, moisture in

underlying layers, and many other factors. Planning allows the township to determine the appropriate timing for preservation activities, which cost-effectively extend the life of existing assets. Also, risks are rated based on the likelihood that the uncertainty will occur and the impact, or consequence if it does occur. All of these factors can shape the prioritization of projects within a roads improvement plan. Washington Township of Montgomery County displays some best practices related to planning and providing the community with information by sharing all the streets planned for the year and how those streets are selected through their Pavement Condition Index.

Springfield Township of Hamilton County delivered a “State of the Township” presentation in 2022 on the township’s resurfacing program that highlighted and opened up the door to questions from the public on the types of roadwork being considered, life span, costs and funding sources, and the timeline and implementation of their five-year infrastructure plan. By publicly presenting the current state of their roads and infrastructure, Springfield Township is able to keep residents informed of the happenings of their community and grow support for necessary investments where roads and infrastructure are currently lacking.

Conclusion

Road improvements are costly but vital capital investments. Between FY 2020 and FY 2023, the Township spent an average of \$990,000 annually on road improvements. The recent road conditions report shows that a significant portion of the roads in the Township need improvement. In order to effectively prepare for the future, ensure efficient allocation of resources and Township staffing, the Road Department should use the best practices identified in this report and data from the recent Richland County roads inventory to develop a formal roads improvement plan.

Recommendation 5: Improve Fleet Management Data Collection

Although the Road and Fire Departments have capital improvement plans in place, steps could be taken to formalize vehicle preventative maintenance and replacement planning and factor maintenance costs into fleet management decisions. As a result, the Township may not be able to effectively evaluate the timing of its fleet replacement needs, which could lead to premature vehicle purchases or unnecessary operating expenses from keeping vehicles in service longer than is financially optimal. The Township should improve its fleet management data collections and apply it to its decision-making process along with formalizing preventative maintenance and replacement plans.

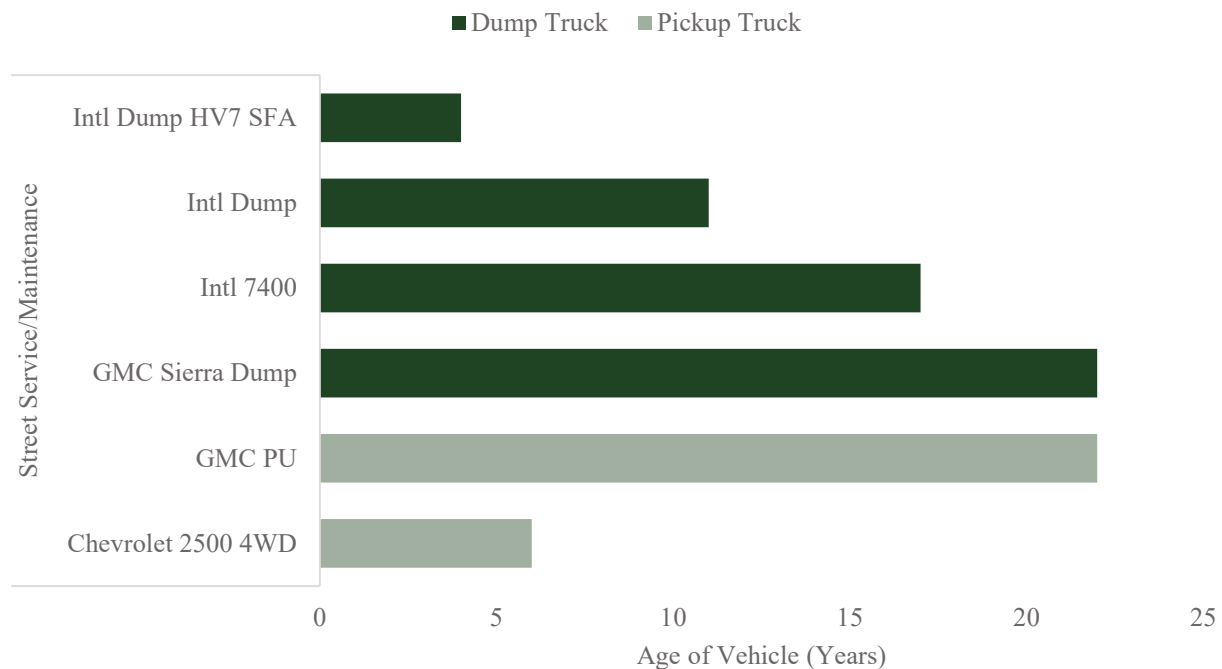
Impact

A fleet management program is the set of plans, policies, procedures, and personnel that is responsible for managing vehicle procurement, maintenance and repairs, budgeting, and monitoring. High performing fleet management programs maximize efficiency by keeping low-cost vehicles on the road longer and replacing high-cost vehicles when the cost of ownership exceeds that of new assets. Proper replacement strategy reduces unnecessary costs sunk into ongoing maintenance and repairs. In order to identify the best replacement candidates, vehicle maintenance and repair costs must be readily available. Improving fleet cost data collection efforts will allow the Township to make better informed vehicle replacement decisions and will provide the necessary foundation for transitioning to a lifecycle costing approach to fleet management.

Background

The Township's fleet within its road department are township-owned vehicles that consists of two pickup trucks and four dump trucks, as shown below. Additional equipment related to the fleet within the Township includes mowers and a trailer which are all maintained in the Township's garage. While most repairs are performed internally, some larger repairs are contracted out on an as-needed basis determined by the Road Department to a third-party vendor.

Age of Road Department's Fleet



Source: Madison Township

The average age of the Township's vehicles is 14 years, with half of the vehicles being older than 15 years. The Road Department tracks some maintenance costs associated with the vehicles but is not extensive. Also, there is no formal lifecycle plan or preventative maintenance plan for the Road Department fleet.

Methodology

We interviewed Madison officials regarding its fleet management practices as it relates to both preventative maintenance and vehicle replacement. Then we compared these practices to the industry best practices set by the American Public Works Association (APWA).

Analysis

The Township does not have formal preventative maintenance and replacement plans for the Road Department portion of the fleet that include defined maintenance procedures and replacement targets at established intervals, according to vehicle type. However, while maintenance and repair records are kept for each vehicle, the data is minimal, and the Township does not capture and track maintenance and repair cost data.

According to the *Public Works Management Practices Manual* (APWA, 2014), effective management of fleet equipment and services includes not only maintaining equipment and parts inventories, performing equipment inspections, scheduling preventative and normal

maintenance, recording maintenance history, and defining replacement cycles, but also analyzing equipment and personnel costs. In addition to predictive criteria such as age and mileage intervals for identifying candidates for replacement, *Planned Fleet Replacement* (APWA, 2021) also emphasizes the importance of considering additional factors such as reliability, vehicle condition, fuel efficiency, and maintenance and repair costs.

Once the fleet data collection has improved, the Township should utilize a lifecycle cost analysis to determine the optimal replacement timeline for its fleet. According to the NAFA Fleet Management Association in *Issues Facing Civilian and Postal Service Vehicle Fleet Procurement* (NAFA, May 2015), timely replacement of vehicles and other equipment is necessary for ensuring vehicle availability, safety, reliability, and efficiency.

Factors that impact the replacement cycle of fleet include the type of vehicles, the nature and intensity of their use, and their fuel and maintenance costs. A lifecycle cost analysis examines these factors by combining the capital cost curve, which shows decreasing cost over time as a result of aging and depreciation, and the operating cost curve, which represents increasing maintenance, repair, and fuel costs over an asset's life cycle. From an economic perspective, the optimal point at which to replace an asset is when the combination of these two curves is at its lowest. This lowest point represents the time when the combined cost of owning and operating the asset is at a minimum, just before it begins to increase. In addition to determining replacement times, a lifecycle cost analysis can be used to understand the difference of cost effectiveness between buying and leasing, alternative fuels, and custom or commercial vehicles.

Conclusion

The Township should record and track vehicle maintenance and repair costs and incorporate the information into a formalized fleet management program for decision-making. In conjunction with the predictive targets, once established, considering costs on a per vehicle basis will help the Township in identifying the vehicles in its fleet that are best suited for replacement. Doing so could reduce unnecessary ongoing expenses and prevent sub-optimal replacement decisions.

Zoning Department

Zoning is a process of separating the land into zones for different purposes. Zoning laws are in place to determine what type of structure is allowed to be built on the land. These zoning codes not only regulate the type of structure, but also their use. The purpose of zoning codes is to ensure that housing value isn't negatively affected by neighboring structures and operations. For example, zoning laws will ensure that industrial zones are a safe distance from residential zones. That is why zoning permits are needed for additions to one's property which can include fencing or a new garage.

Recommendation 6: Improve Data Collection for Zoning Department in order to Re-Evaluate Operations

The Zoning Department does not currently track data on zoning permit processing times or pending permits. By collecting additional data, the Township could better identify the demand and workload of the Township's Zoning Department and re-evaluate staffing levels and zoning permit fees. Madison Township should improve data collection for the Zoning Department to re-evaluate department staffing and fees.

Impact

While the overall expenditures associated with the current Zoning Department structure are significantly lower than peers, the Township's Zoning Department could be more effective for the community by being staffed and fees set according to information collected. Data collection on pending permits and processing times would allow for effective planning moving forward within the Zoning Department.

Background

The Zoning Department is staffed by one part-time zoning inspector that is paid by a base salary and a percentage of permit fees. While the Zoning Inspector has no set hours, the Inspector is typically available for 4 hours on 3 days per week. The full-time equivalent of the Zoning Inspector translates to 0.3 FTE under the assumption that a typical full-time position works 2,080 hours annually. There has been turnover in this position with three zoning inspectors within the last three years. Zoning inspectors are responsible for granting zoning certificates, conducting zoning inspections, and recording and issuing notices for zoning nonconformities. The zoning districts for the Township includes a mix of residential, agricultural, business, and industrial districts.

The current process for a zoning permit application involves calling the Zoning Inspector's office and setting an appointment. The zoning fee schedule is provided online but all other questions and needs require setting an appointment. The number of permits approved in the

Township between 2021 and 2023 saw little fluctuation, with 69 permits approved in 2021, 55 in 2022, and 68 in 2023. This translates to approximately \$6,000 annually generated from these permits. The information on the Zoning Inspector activities comes from a Microsoft Excel document populated by the Zoning Inspector to inform monthly summary reports to the Trustees. This document is passed on from each Zoning Inspector, but the categories of information have no standard definition.

In addition to permits, the Zoning Inspector conducts inspections, including those from citizen complaints or those that are randomly selected. Between 2021 and 2023 the number of zoning inspections has increased slightly, with 251 inspections in 2021, 288 inspections in 2022, and 301 inspections in 2023. About half of these inspections were citizen driven inspections and the other half were random inspections. Warnings from the Zoning Inspector fluctuate the most year to year, which may be caused partially by lack of standard data definitions. Warnings can range from oral discussions, citations, to cases filed in court. Of the types of warnings, oral discussions see the most fluctuation, with 127 in 2021, 391 in 2022, and 56 in 2023, while there were no citations and fewer than 25 total cases filed in court across the three-year period.

Methodology

We compared Madison’s current zoning application process to primary peers’ processes. Also, we requested available data related to the Zoning Department’s operations to understand what and how the Township tracks needed information. The available data was limited to the number of permits processed. Lean Six Sigma best practices can be applied to Madison’s processes to improve efficiency. Additionally, staffing among the primary peers with their zoning department was compared to Madison’s. Zoning fee schedules were also compared to primary peers. Both of which can be found in **Appendix G**.

Analysis

In Madison’s current processes there are important data points lost and bottlenecks due to the process. One difference between Madison’s Zoning Department and peers’ zoning departments is the level of access. In Madison, an in-person meeting is required to speak with the Zoning Inspector prior to filing a permit, while other townships provide online access to permits and allow them to be submitted online. By allowing online access and submission, peers remove barriers for township residents and avoids bottlenecks for the Zoning Department’s workload.

Data is inherently captured with online submissions that would show processing times, such as time from submission to approval. An online portal would also show what the workload and existing backlog more accurately than a backlog of voicemails for setting up future in-person appointments does currently. We compared Madison’s Zoning Department staffing to peers in term of permits processed per FTE (see **Appendix G**), but this comparison does not account for the true demand of the position due to an existing backlog and differences in processing times.

Additionally, data collected on the type of permits processed could be helpful in re-evaluating the zoning fee schedule. In particular, having information on the type of residential zoning permits can help direct attention to what fees in particular need re-evaluated. Currently, the zoning fee schedule for residential permits does not vary based on type of the permit, i.e. building a house versus installing an inground pool. The zoning fee is based on the associated square footage. In other words, the cost for the housing addition and the inground pool could be the same price if they have the same square footage. Zoning permit fees vary from entity to entity, as seen in the variation in pricing between Madison and the peer group. However, we found that the peers generally tied the zoning permit fee schedule to the value of the project, rather than solely the square footage of the project. The impact of this difference in fee structure can be found in **Appendix G**, where Madison’s zoning permit fees were ultimately less than the peer median.

One tool the Township could use to improve future data-based decision-making is adopting a Lean Six Sigma approach to process improvement. Lean Six Sigma methodology focuses on streamlining processes and reducing waste by identifying the cause behind issues using data-driven means to consider possible opportunities prior to making a decision. The DMAIC approach provides a framework for organizations to implement this data-driven approach.¹⁰ The goal of using DMAIC is to improve, optimize, and stabilize existing processes. DMAIC is shorthand for:

- **Define** opportunities for improvement,
- **Measure** the existing process performance,
- **Analyze** the measurement data to find opportunities for improving inefficiencies,
- **Improve** performance by addressing and eliminating root causes of inefficiencies,
- **Control** the improved process performance.

By adopting a Lean Six Sigma approach, the Township could better understand the existing state of performance, workload, and demands for the Zoning Department to re-examine the Zoning Department’s staffing and permit fee schedule.

Conclusion

Currently, the Madison Township Zoning Department does not collect permit data related to processing times or pending permits and what information that is collected does not abide by standard data definitions. The Township could better access and understand the demand and workload of the Zoning Department by improving data collection, using standard data definitions, and making data-informed decisions to re-evaluate current staffing levels and zoning permit fees.

¹⁰ For more information on the DMAIC approach and other tools and resources from LeanOhio see <https://das.ohio.gov/employee-relations/lean-ohio/resources/resources>

Client Response Letter

Audit standards and AOS policy allow clients to provide a written response to an audit. The following letter is the Township’s official statement in regards to this performance audit. Throughout the audit process, staff met with Township officials to ensure substantial agreement on the factual information presented in the report. When the Township disagreed with information contained in the report, and provided supporting documentation, revisions were made to the audit report.

Board of
Madison Township Trustees

PO Box 2206, Mansfield, Ohio 44905



June 25, 2024

The Honorable Keith Faber
Auditor of State
89 East Broad Street, 5th Floor
Columbus, Ohio 43215

Dear Auditor of State Faber,

The Madison Township Trustees and Staff appreciate the work of the Auditor's office during the State Performance Audit of Madison Township Administration, Fire, Road, and Zoning departments. We commend Mr. Kyle A. Shindeldecker and his team for the time and effort placed in evaluating our township's performance and making recommendations to improve the efficiency of our Township.

The Madison Township Trustees are committed to improving performance, reducing costs, and operating within our budget for the good of the residents of Madison Township.

We acknowledge the professionalism of the audit team and the simplicity with which we were able to work together.

Thank you,

Leanna Rhodes
Fiscal Officer

A handwritten signature in cursive script that reads "Leanna Rhodes".

Tom Craft
Board Chairman, Trustee

A handwritten signature in cursive script that reads "Tom Craft".

Dan Fletcher
VP, Trustee

A handwritten signature in cursive script that reads "Dan Fletcher".

Jim Houser
Trustee

A handwritten signature in cursive script that reads "James C. Houser".

Appendix A: Purpose, Methodology, Scope, and Objectives of the Audit

Performance Audit Purpose and Overview

Performance audits provide objective analysis to assist management and those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.

Generally accepted government auditing standards (GAGAS) require that a performance audit be planned and performed so as to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on audit objectives. Objectives are what the audit is intended to accomplish and can be thought of as questions about the program that the auditors seek to answer based on evidence obtained and assessed against criteria.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Scope and Objectives

In order to provide the Township with appropriate, data driven, recommendations, the following questions were assessed within each of the agreed upon scope areas:

Summary of Objectives and Conclusions

Objective	Recommendation
Strategic Management	
Is the Township's process for financial planning efficient and effective compared to industry standards and/or best practices?	R.1 and R.2
Are the Township's strategic and capital planning practices consistent with leading practices?	R.3
Are the Township's salaries and wages appropriate in comparison to local peers and the Township's financial condition?	No Recommendation: See Appendix D.

Efficient • Effective • Transparent

Are the Township’s collective bargaining agreement provisions appropriate in comparison to local peers, minimums requirements, and the Township’s financial condition?	No Recommendation: See Appendix D.
Are the Township’s insurance costs appropriate in comparison to other townships within the region and the Township’s financial condition?	No Recommendation: See Appendix E.
Operations	
Are the Fire Department’s staffing levels appropriate in comparison to peers, industry standards, and/or the Township’s financial condition?	No Recommendation: See <i>Fire Department</i> section of the report.
Are the Fire Department’s operations appropriate in comparison to peers, industry standards, and/or the Township’s financial condition?	No Recommendation: See <i>Fire Department</i> section of the report.
Are the Township’s fleet management practices in the Fire Department consistent with leading practices and industry standards?	No Recommendation: See <i>Fire Department</i> section of the report.
Are the Township’s road department staffing levels appropriate in comparison to peers, industry standards, and/or the Township’s financial condition?	No Recommendation: See Appendix F.
Are the Township’s road department operations appropriate in comparison to peers, industry standards, and/or the Township’s financial condition?	R.4
Are the Township’s fleet management practices in the Road Department consistent with leading practices and industry standards?	R.5
Are the Township’s Zoning Department staffing levels appropriate in comparison to peers, industry standards, and/or the Township’s financial condition?	R.6
Are the Township’s Zoning Department operations appropriate in comparison to peers, industry standards, and/or the Township’s financial condition?	R.6

Although assessment of internal controls was not specifically an objective of this performance audit, internal controls were considered and evaluated when applicable to scope areas and objectives. The following internal control components and underlying principles were relevant to our audit objectives:

Efficient • Effective • Transparent

- Control Environment
 - We assessed the Township’s exercise of oversight responsibilities in regards to detecting improper payroll reporting and benefits administration.
 - We assessed the Township’s exercise of oversight responsibilities in regards to detecting improper data entry in the dispatch system and fleet management information system.
- Risk Assessment
 - We considered the Township’s activities to assess fraud risks.
- Information and Communication
 - We considered the Township’s use of quality information in relation to its financial, payroll, staffing, and fleet data.
- Control Activities
 - We considered the Township’s compliance with applicable laws and contracts.

Internal control deficiencies that were identified during the course of the audit are discussed in the corresponding recommendation.

Audit Methodology

To complete this performance audit, auditors gathered data, conducted interviews with numerous individuals associated with the areas of Township’s operations included in the audit scope, and reviewed and assessed available information. Assessments were performed using criteria from a number of sources, including:

- Peer Townships;
- Industry Standards;
- Leading Practices;
- Statutes; and,
- Policies and Procedures.

In consultation with the Township, we selected townships similar in population and other demographics to form the peer group for comparisons contained in this report. These peers are identified as necessary and appropriate within the section where they were used. For the purposes of this audit, two sets of peers were used for comparisons with Madison Township. A set of state “Primary Peers” were selected by examining townships with similar population, square mileage, population density, and having the same core departments as the Township (fire, road, and zoning). The table on the following page shows the Ohio townships included in the peer group.

Primary Peer Demographics

Locality	County	Population	Area	Median Household Income
Madison	Richland	11,104	15.2	\$50,101
Brimfield	Portage	11,352	20.5	\$78,644
Brunswick Hills	Medina	11,196	12	\$95,435
Canton	Stark	11,906	22	\$64,141
Concord	Delaware	10,951	21.1	\$161,075
Liberty	Trumbull	11,936	22.7	\$53,167

Source: U.S. Census Bureau

In addition to the primary peers, a set of local peers were selected based on proximity to Madison Township (shared boundaries) to allow for comparisons of salaries and benefits. This peer set was selected specifically to provide context for the same local labor market conditions. The table below shows the local municipalities included in the peer group.

Local Peer Demographics

Locality	County	Population	Area	Median Household Income
Madison Township	Richland	11,104	15.2	\$50,101
Ashland City	Ashland	19,282	11.28	\$56,040
Galion City	Morrow	10,390	6.6	\$44,458
Mansfield City	Richland	47,669	30.83	\$40,996
Mifflin Township	Richland	6,114	23.5	\$60,608
Shelby City	Richland	9,286	6.3	\$55,355

Source: U.S. Census Bureau

Appendix B: Finances and Budget

When a local government or Ohio school system encounters budgetary problems, it may be placed in Fiscal Caution, fiscal watch, or fiscal emergency status. Fiscal distress is a legislative mechanism used to identify financial problems as soon as possible and provide assistance to entities in need.

The Auditor of State may declare **Fiscal Caution** when:

- A municipal corporation, county or township has been declared unauditible and records have not been restored within a specified period;
- Significant deficiencies or material weaknesses in accounting and financial reporting or noncompliance with laws and regulations has been determined to have a significant effect on the local entity's financial condition;
- There is a deficit fund balance at year-end that is greater than two percent of that fund's revenue for the year and transfers are not sufficient to eliminate the deficit;
- The year-end carryover balance in the General Fund is less than one month of expenditures or less than one month of expenditures for a particular fund; or
- When the local entity has not reconciled its accounting ledgers for more than three months and is unable to do so within one month of notice by the Auditor of State.

An entity cannot be released from Fiscal Caution until the Auditor of State has determined that the corrective actions have been or are being implemented and that the Fiscal Caution conditions no longer exist.

Property Taxes

Property taxes are the most important revenue source for townships, making up nearly two-thirds of Madison’s 2023 revenue. Property tax values operate off of millage, with a mill equaling one-tenth of one percent, or \$1 for every \$1,000 of taxable value. Property taxes levied in Ohio are subject to restrictions in Article XII, Section 2 of the Ohio Constitution and ORC § 5705.02. These restrictions limit the amount of tax that can be levied without voter approval to 10 mills or 1 percent of property value. The 10 mills allowed by the Constitution are typically referred to as inside, or un-voted mills, with outside mills being those that are voted on. Ultimately, the mixture of property taxes approved by voters can have a wide-ranging impact on both the revenues collected by a district and the amount of tax that individual property owners are required to pay on an annual basis.

Ohio has historically had laws which limit the impact rising property values can have on property taxes. Outside mills are subject to reduction factors which lower the effective millage rate in order to maintain the preceding year’s level of revenue from the same properties. Ultimately, the mixture of property taxes approved by voters can have a wide-ranging impact on both the revenues collected by a district and the amount of tax that individual property owners are required to pay on an annual basis.

The Township currently has seven levies, including a 0.50 inside mill levy for the General Fund, two levies for the Road and Bridge Fund (1.50 inside mills and 1.26 effective outside mills continuous), and four outside mill levies for the Fire District (three continuous levies for a total of 6.58 effective mills and one 5-year term levy at 2.51 effective mills). As the stacked bar chart shows, Madison’s millage is made up of fewer categories of operations when compared to peers, with the overwhelming majority of Madison’s millage being dedicated to the fire district and EMS funds, a smaller portion for the Road & Bridge fund, and a portion for the general fund.

Millage

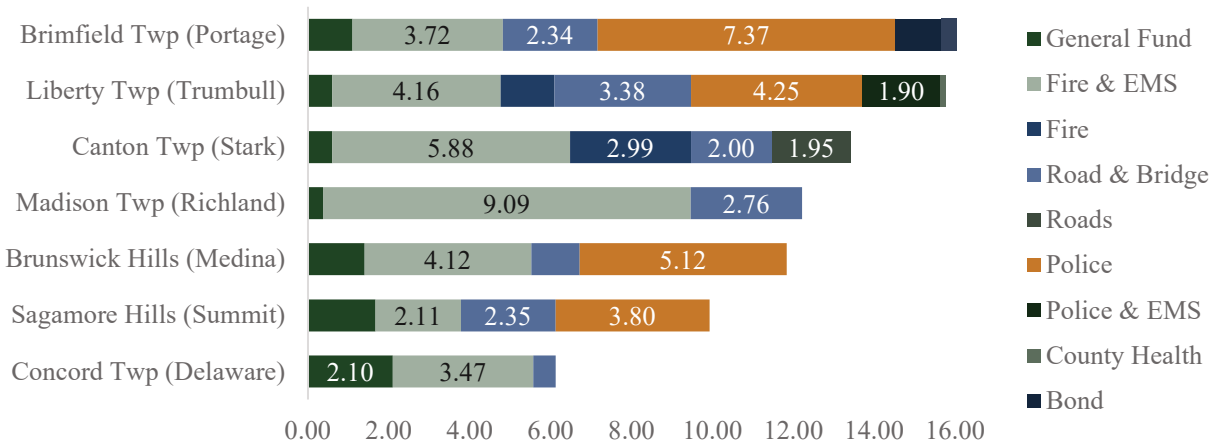
Inside Millage

In Ohio, millage is referred to as “inside” millage and “outside” millage. Inside millage is millage authorized by the Constitution of the State of Ohio and can be levied without a vote of the people. It is called inside millage because it is “inside” the constitutional limitation. Another named would be un-voted millage. The Constitution allows for 10 mills of inside millage in each political subdivision. Public schools, counties, townships, and other local governments are allocated a portion of the 10 inside mills.

Outside Millage

Outside millage is any millage “outside” the 10 mills that is authorized by the Constitution of the State of Ohio. This millage is voted in by the public. Another name for the outside millage is voted millage. This millage can be used for general purposes or be restricted, depending on the language of the law which enables it.

Class I Effective Millage, 2023



Source: Department of Taxation

As the chart above shows, Madison falls near the middle of its peers in effective millage, with a total of approximately 12 mills. While the Township’s total effective millage is similar to the peer set, as discussed in the **Financial Background**, the total revenue generated from these mills is lower on a per resident basis. This variation is due to the fact that property valuations within Madison are lower than that of the peer average. Because property taxes generate revenue based on the valuation of property within a taxing area, a lower overall valuation will result in less revenue if millage is similar. The table below shows the tax year 2023 total taxable value by Class I and Class II real property classification standardized by square miles for Madison Township and the primary peers. For the purpose of applying tax reduction factors, real property is divided into two classes: Class I for residential and agricultural property and Class II for mineral, industrial, commercial, and real railroad property.

Total Valuation per Square Mile by Property Classification, TY 2023

Peer	Class I	Class II	Total	Total Property Value per Square Mile	Yield per 1 Mill
Concord Twp (Delaware)	\$904,469,710	\$8,955,380	\$913,425,090	\$43,290,289	\$913,425
Sagamore Hills (Summit)	\$433,099,740	\$27,437,760	\$460,537,500	\$41,119,420	\$460,538
Brunswick Hills (Medina)	\$385,146,410	\$27,487,860	\$412,634,270	\$34,386,189	\$412,634
Brimfield Twp (Portage)	\$270,066,300	\$81,800,540	\$351,866,840	\$17,164,236	\$351,867
Canton Twp (Stark)	\$234,889,060	\$81,552,030	\$316,441,090	\$14,383,686	\$316,441
Liberty Twp (Trumbull)	\$241,758,880	\$62,533,660	\$304,292,540	\$13,404,958	\$304,293
Madison Twp (Richland)	\$167,409,420	\$21,333,180	\$188,742,600	\$12,417,276	\$188,743
Peer Average	\$411,571,683	\$48,294,538	\$459,866,222	\$27,291,463	\$459,866
Difference	(\$244,162,263)	(\$26,961,358)	(\$271,123,622)	(\$14,874,187)	(\$271,124)

Source: Department of Taxation

Madison Township in comparison to the primary peers have lower total property valuation per square mile for both Class I and Class II property. The lower property valuations within Madison are reflective of the lower levels of revenue generated from property taxes. In other words, the amount 1 mill would yield in Madison in the first year of a levy is approximately \$271,000 less than the peer average as shown in the table on the previous page.

Purchased Services Expenditures

As previously discussed, the Township’s purchased services expenditures comprise of approximately 19 percent of overall expenditures. In 2023, the Township spent \$752,000 on purchased services. The following table shows total expenditures for purchased services by Object Level, which provides more insight into how those monies are spent.

Purchased Services Expenditures by Object Level, 2023

Object	Expenditures	% of Total
360: Contracted Services	\$431,040	57.3%
320: Property Services	\$136,612	18.1%
310: Professional and Technical Services	\$80,225	10.7%
350: Utilities	\$57,070	7.6%
380: Insurance and Bonding	\$34,729	4.6%
340: Communications, Printing, and Advertising	\$11,826	1.6%
330: Travel and Meeting Expense	\$1,365	0.2%
Total Purchased Services	\$752,868	100.0%

Source: Madison Township

In particular, the Township’s purchased services were driven by four areas: Contracted Services, Property Services, Professional and Technical Services, and Utilities. These categories can cover a variety of expenditures. Using detailed data contained in the Township’s financial information, these are examples of the types of expenditures from each area:

Contracted Services: The Township’s contracts for public works related projects such as road resurfacing and projects through the Ohio Public Works Commission (OPWC). Also, this includes the scheduling software, billing management, and IT services for the Fire Department.

Property Services: The Township’s outsourced work for maintenance and repairs for their larger vehicles such as fire trucks. Also, garbage and trash removal at the Township’s buildings.

Professional and Technical Services: The Township coded expenditures related to skill professionals such as tax collection, accounting, and legal fees as well as training services.

Utilities: The Township’s natural gas, electricity, water, and sewage expenditures for their buildings as well as the electricity for street lighting.

Appendix C: Fire Department

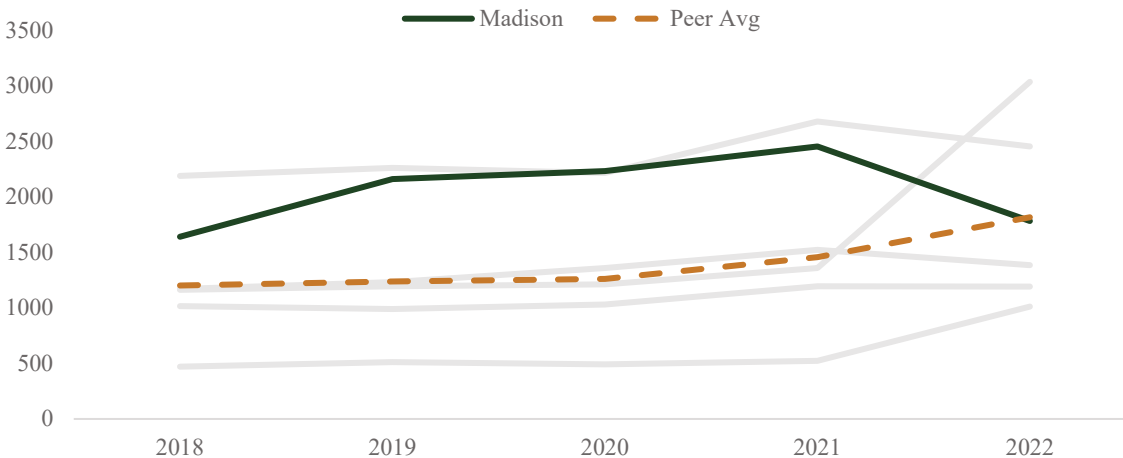
Fire Department Operations

The National Fire Incidents Reporting System (NFIRS), under FEMA, is a voluntary reporting system for all state and all fire departments within them to participate in with a common core of information on an incident. Detailed incident data are reported locally. Local agencies forward the completed NFIRS modules to the state agency responsible for the NFIRS data. The state agency combines the information with data from other fire departments into a statewide database and then transmits the data to the National Fire Data Center (NFDC) at the USFA. Data on individual incidents and casualties are preserved incident by incident at local, state and national levels.

The majority of the data are reported electronically through third-party software, the NFIRS data entry tools, or the reporting department’s own system. They forward the completed incidents electronically (or via paper forms if the department has no other means) to their state office where the data are validated and consolidated into a single electronic database. Each fire department is responsible for the data they report, and each department is encouraged to ensure that their data are complete and accurate. The extent of data quality checks varies from department to department.

As shown below, the number of annual incidents Madison Township’s fire department responds to is higher than the peer average other than in 2022 where the number of incidents were about equal.

Fire Department Incident Counts, 2018-2022



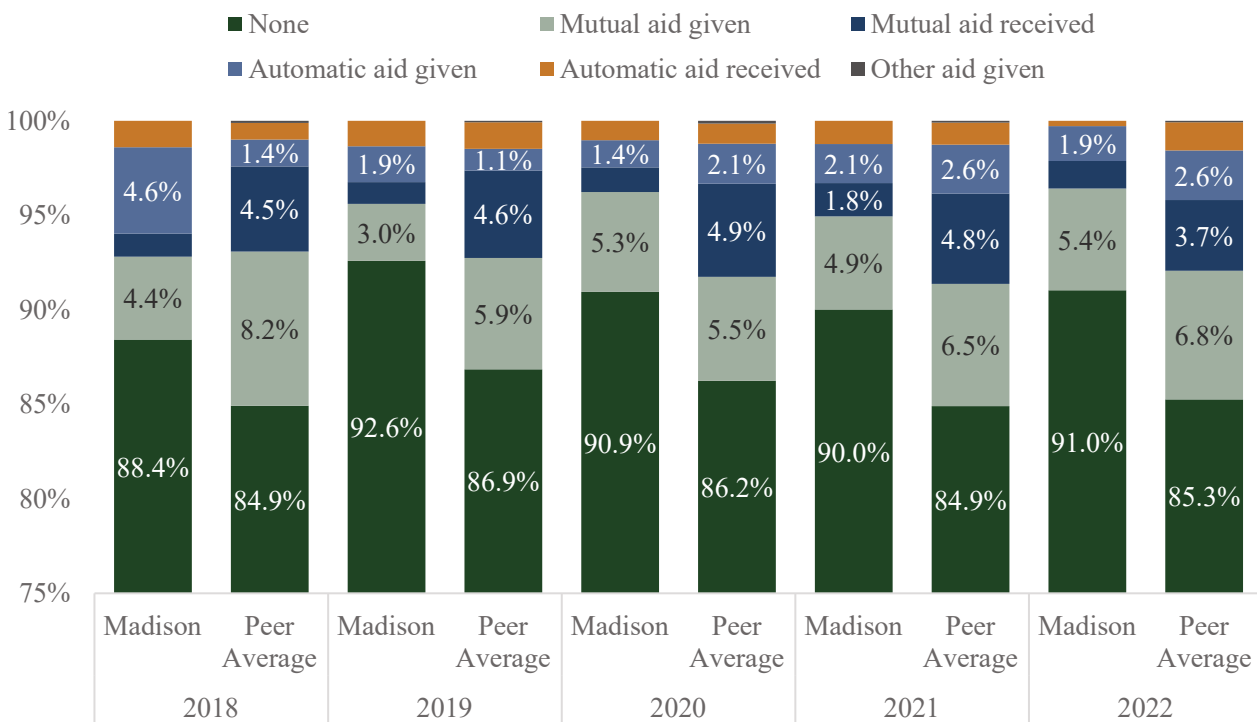
Source: FEMA/NFIRS

Some records in the NFIRS refer to aid provided to another fire department — either mutual aid given to an outside fire service entity upon request of the outside entity, or automatic aid given through mutual-aid agreements. To isolate individual fire incidents, only records of the primary fire department are included. This is achieved by excluding records reflecting aid provided, as in

essence, not excluding aid incidents when analyzing incidents may result in the double counting of those incidents where both the giving and receiving departments report to the NFIRS.

This exclusion is also a data quality consideration. The fire department receiving aid is considered the “owner” of the incident, and this fire department is responsible for providing the incident data. The aid-giving department’s incident record is generally only a record of having given aid and most, if not all, data elements are not required or submitted. Including these records would result in an unacceptably large number of unknown entries. For Madison Township, the Department received mutual aid for about 1.39 percent of their incidents between 2018 and 2022. In comparison, peers on average received mutual aid for about 4.46 percent of their incidents over this same period. Approximately 91 percent and 86 percent of total calls did not involve mutual aid or automatic aid, given or received, for Madison and the peer average respectively as shown below.

Mutual Aid in Proportion of Total Incidents, 2018-2022



Source: NFIRS

Using the available data from NFIRS, it appears that in addition to responding to more overall incidents than the peer average, Madison also responds to a higher percentage of incidents that originate in its own jurisdiction. This indicates that the higher volume handled by the Fire Department is not caused by mutual aid calls to other jurisdictions.

Appendix D: Collective Bargaining Agreements and Salaries

Madison Township has two collective bargaining agreements (CBAs), one covering fire employees and the other road employees.

Fire Department

The first CBA covers Madison Township Fire Department’s fifteen full-time firefighters, which includes three captains, signed with the International Association of Fire Fighters local #3417 (IAFF). At the start of the audit, the CBA that was in effect at the time was effective from January 1, 2021, through December 31, 2023. However, during the course of the audit a new CBA was negotiated and signed, effective from January 1, 2024, through December 31, 2026. The analysis was updated using Madison’s new 2024 CBA provisions.

Below individual leave provisions are compared to those offered by Madison Township’s peer districts.

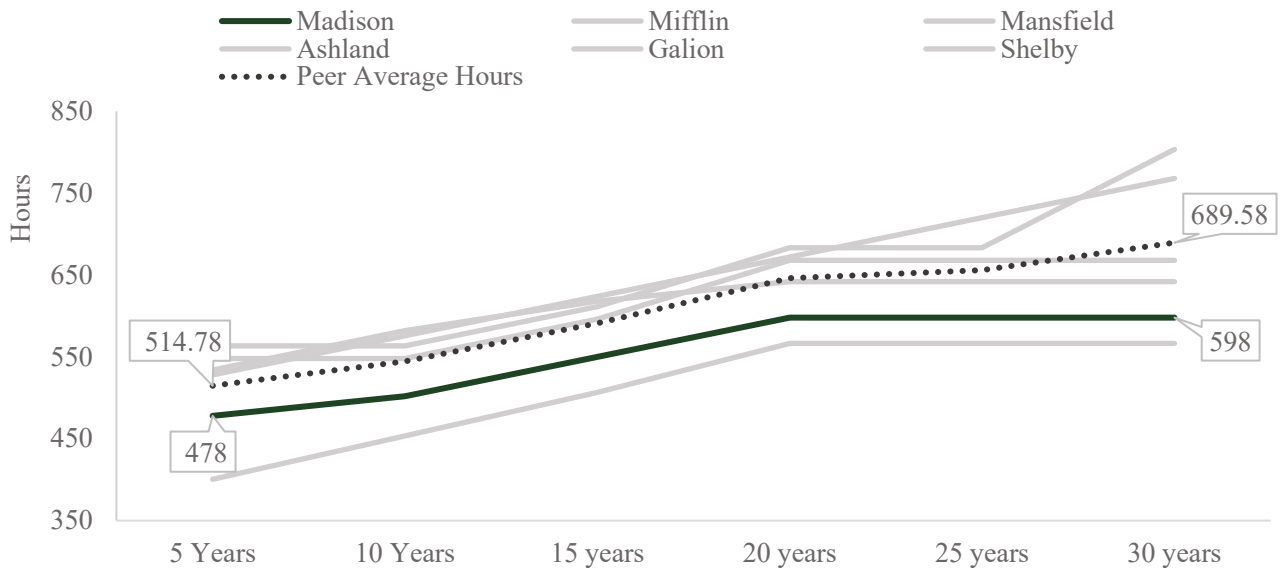
Leave

Provision	Madison Township	Above/Below Peer Average
Vacation Leave	201 days in a 30-year career	Below
Sick Leave	286 hours of sick leave in a year	Above
Holidays	11 paid holidays (1.5 rate)	In Line
Compensatory Time	Max accrual of 240 hours	Below
Bereavement Leave	48 hours for immediate and extended family	Above
Injury Leave	Max of 2,480 hours	Below
Personal Leave	None	Below
Notice of Leave	1 day for Bereavement & 1 hour for Sick Leave, 30 days absence w/o pay	Above by 1 day for bereavement, in line with sick, above by 30 days for absence w/o pay, below by 1 week for vacation

Source: Madison and Local Peers

As the table above shows, the leave provisions in Madison’s Fire CBA are mostly below or in line with the peer average, with sick leave and bereavement leave exceptions. Collectively, the amount of time in leave total across the different vacation, personal, sick, and holiday leave is still below the average as shown below.

Fire: 24-Hour Shift Employees Total Leave Hours



Source: Madison and Local Peers

The awards, incentives, and other provisions in Madison Township’s Fire CBA are largely in-line with the peer average, with certification pay standing out as being notably higher than what is offered by the peers as shown below.

Awards, Incentives, and Other Provisions

Provision	Madison Township	Above/Below Peer Average
Attendance Award	Offered along with 3/5 peers	-
Clothing Award	Replaced as needed	-
Physical Fitness Incentive	\$600 a year	Above by \$215
Certification Pay	Max of 4 at \$0.40 each	Above by \$2,680
Overtime Pay	48-hour weekly average with 1.5 rate after 159 hours in a 3-week time frame	In line
Tuition Reimbursement	Offered along with 4/5 peers	-
Out of Class Pay	Offered along with 4/5 peers	-
Hours Worked	48 hours a week along with 2/5 peers	-
Probationary Period	1 year along with 5/5 peers	In line

Source: Madison and Local Peers

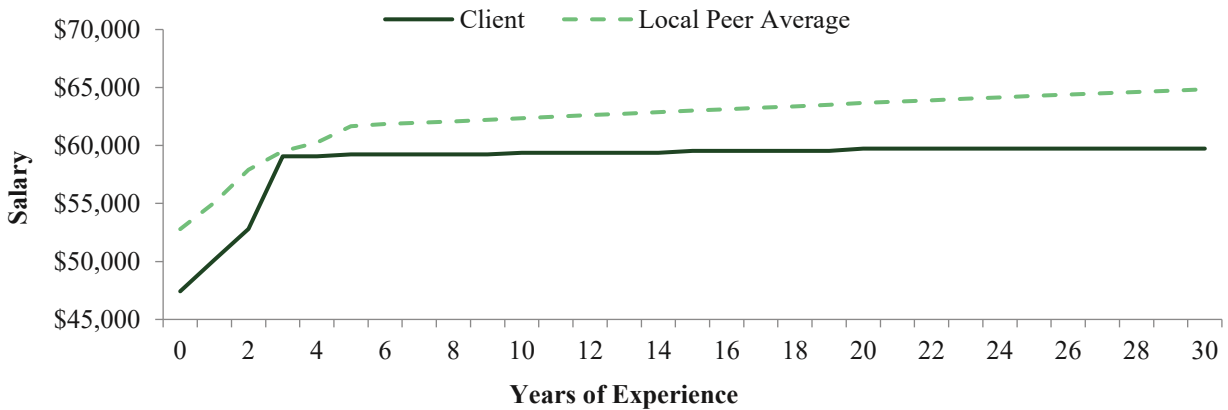
CBA comparisons were also made with local peers’ CBAs to analyze differences in the covered employees’ salaries. The certification pay incentive was analyzed in conjunction with salaries for additional context and a more comprehensive view of total compensation at Madison and the local peers.

Fire Department Salary Comparison

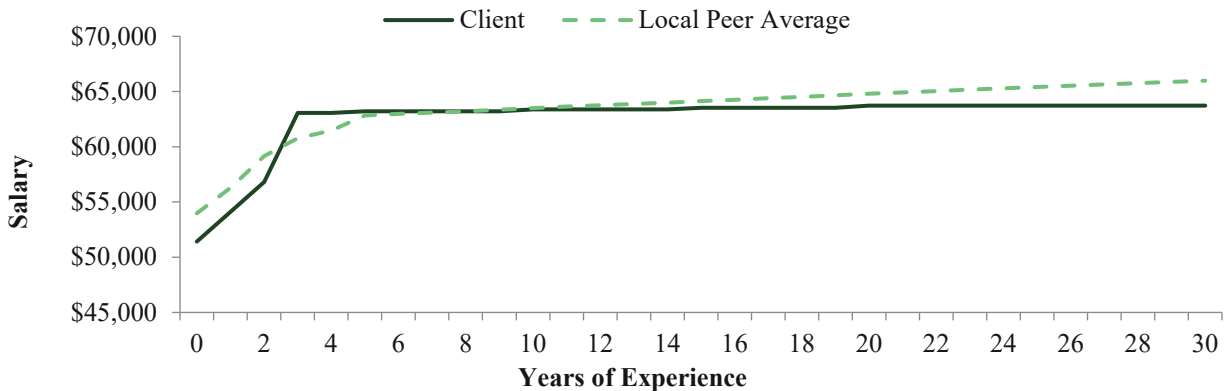
We compared the Township’s salary schedule for the Firefighter Paramedic 1-3 position both with no certifications and the maximum number of certifications available. With no certifications, over a thirty-year career, a Madison’s firefighter paramedics total earnings would be approximately 6 percent less than the peer average for similar positions. Both the Township and peers provide some sort of incentive in the form of additional pay for employees who receive certifications such as an EMS certification. With the maximum number of certifications, over a 30-year career, a Madison firefighter’s total earnings would be in-line with the peer average for a similar position and certification level.

The result of this analysis is seen in the following charts.

30 Year Career: Firefighter 1-3, Paramedic, and No Certifications



30 Year Career: Firefighter 1-3 ,Paramedic, and Max Certifications

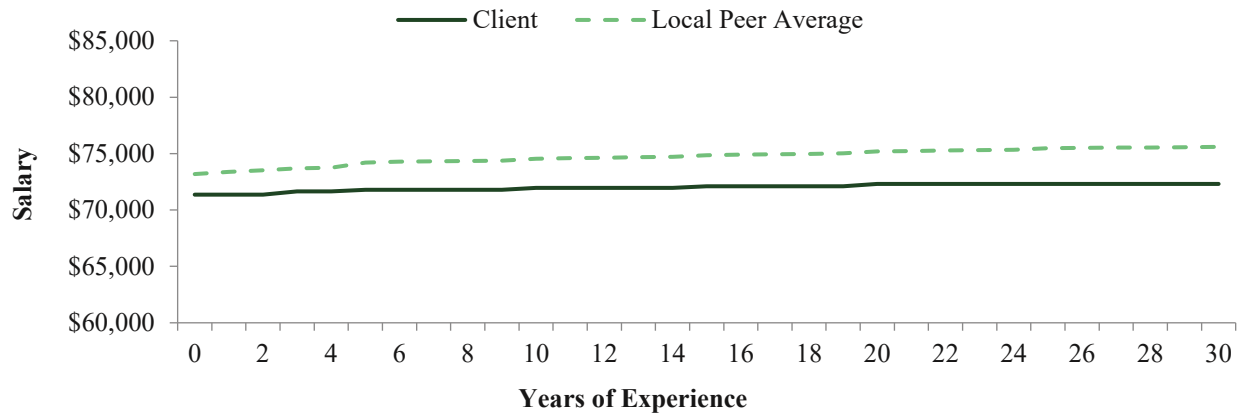


Source: Madison and Local Peers

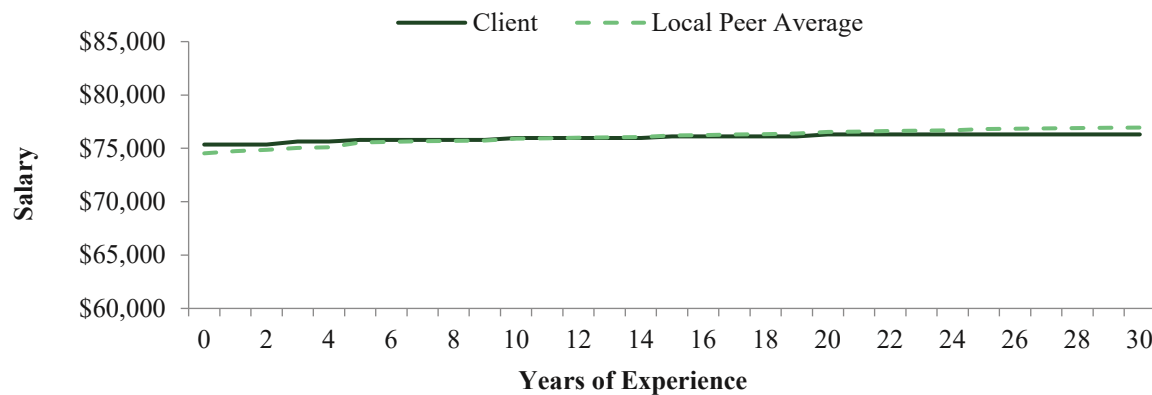
Similarly, the same salary analysis methodology was applied for the Fire Captain positions. With no certifications, over a 30-year career, we found that a Madison Fire Captain’s total earnings would be approximately 3.6 percent less than the peer average for similar positions. With the maximum number of certifications, over a 30-year career, a Madison Fire Captain’s total earnings would be in-line with the peer average for a similar position and certification level.

This analysis can be seen in the following charts.

30 Year Career: Captain, Paramedic, and No Certifications



30-year Career: Captain, Paramedic, and Max Certifications



Source: Madison and Local Peers

Road Department CBA Provisions

The second CBA covers Madison Township Road Department, signed with the United Steel, Paper and Forestry, Rubber, Manufacturing Energy, Allied Industrial and Service Workers International Union, local #9130-8. This CBA agreement includes all road department employees and is effective from January 11, 2023, through January 11, 2026.

Our comparison of leave provisions within the Road Department contract can be found in the following table. We found that provisions related to leave time were either in-line with or below the peer averages.

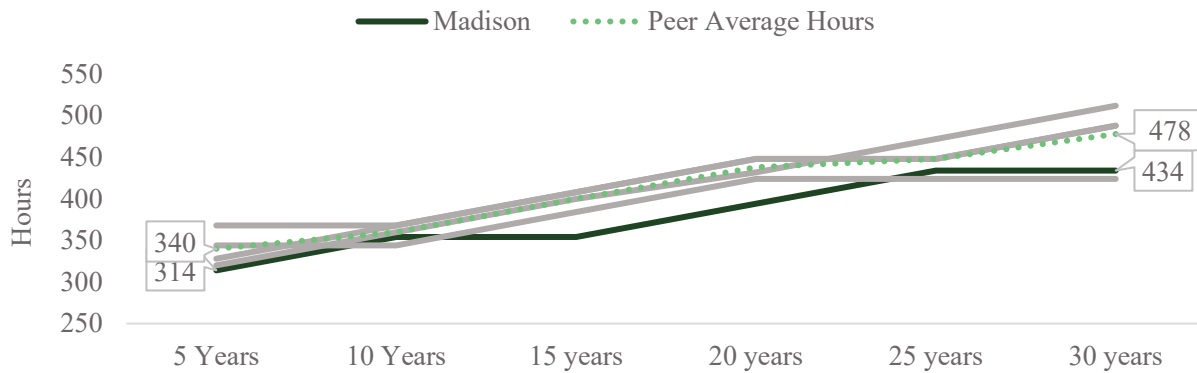
Leave

Provision	Madison Township	Above/Below Peer Average
Vacation Leave	171 days in a 30-year career	Below by 23 days during a 30-year career
Sick Leave	120 hours of sick leave a year	In line
Holidays	11 paid holidays at 1.5 rate (includes 2 floating)	Below peer average by 1 day
Compensatory Time	Used within 1 year of accrual, no max	Below peer max by 170 hours
Bereavement Leave	24 hours for immediate & extended family	In line
Personal Leave	2 days for <10 years of service 4 days for >10 years of service	In line
Notice of Leave	Personal: 1 day notice for 1 day request and 7 days notice for multiple day request Vacation: 1 day Compensatory: None	Personal: In line Vacation: below by 4.5 days Compensatory: Below by 4.5 days

Source: Madison and Local Peers

As shown in the visual below, the amount of time in leave total across the different vacation, personal, sick, and holiday leave is below the average by 44 days at the end of a 30-year career.

Road Department Total Leave Hours



Source: Madison and Local Peers

In regard to other provisions, Madison Township’s Road CBA is largely in-line with the average, with the exception of the total uniform reimbursement being higher than what peers offer as shown below.

Other Provisions

Provision	Madison Township	Above/Below Peer Average
Regular Work Hours	40-hour weekly	In line
Overtime Rate	1.5	In line
Probationary Period	6 months	In line
Uniform Reimbursement	\$600 for clothes	Above by \$175
	\$195 for shoes	In line
	Total \$795 a year	Above

Source: Madison and Local Peers

Road Department Salary Analysis

Madison Township Road Department Road Crew I employees make \$1,019,662 over a thirty-year career, which is \$425,049 less than the peer average, or 29.42 percent less. Road Crew II employees make \$1,530,166, which is \$72,333 less than the peer average, or 4.51 percent less. The Road Crew Group Leader makes \$1,610,694, which is \$108,316 lower than the peer average, or 6.30 percent less.

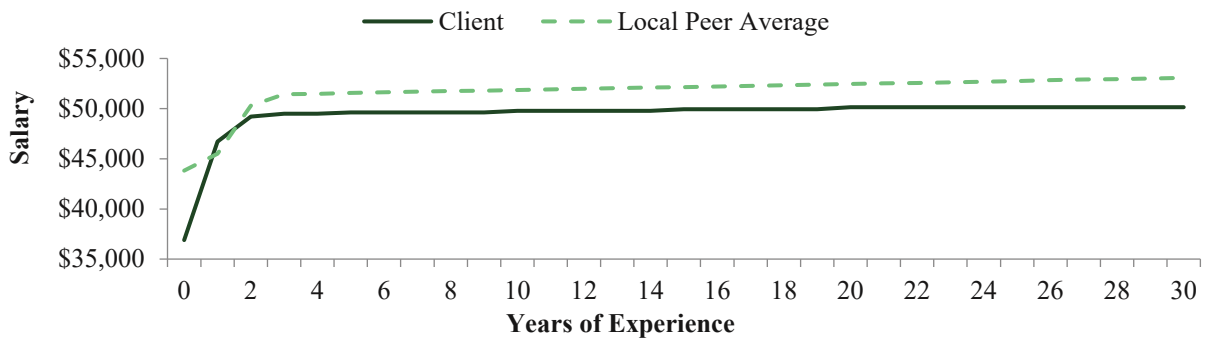
We compared the Township’s salary schedule for the Road Crew positions to that of the peer average to determine the total compensation over a 30-year career. Our comparison showed that all Road Department employees receive lower compensation over a 30-year career compared to the peer average. Over the 30-year period a Road Crew I employee earns approximately 29.4 less

than the peer average and the Road Crew II and Road Crew Group Leader earn 4.5 percent and 6.3 percent less, respectively. These results are seen in the charts on the following page.

30 Year Career: Road Crew I



30 Year Career: Road Crew II



30 Year Career: Road Crew Group Leader

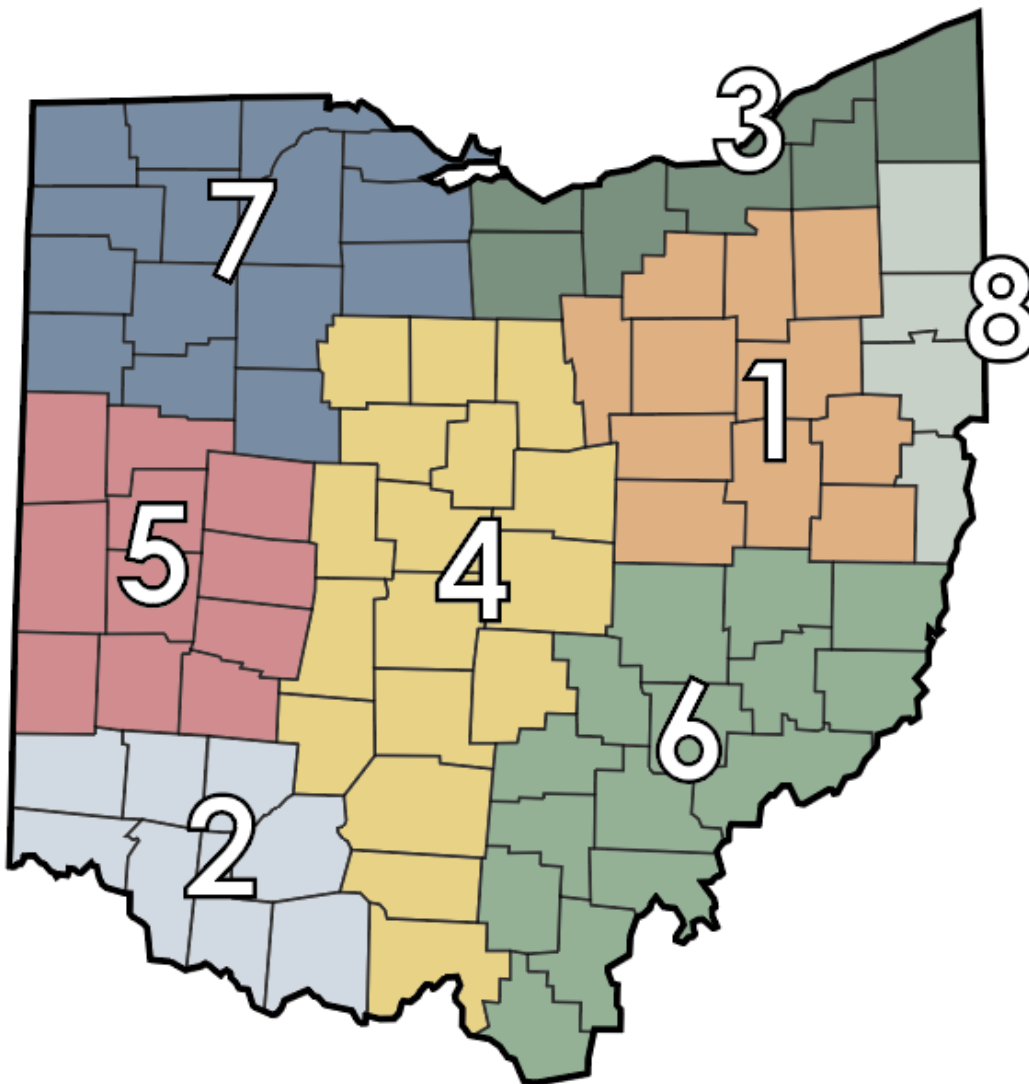


Source: Madison and Local Peers

Appendix E: Insurance

We compared the Township’s medical, dental, and vision insurance premiums to the SERB regional average. We selected region 4 township and cities’ plans that offer similar insurance plans for the SERB regional comparison. The information used in the audit comes from the State Employment Relations Board (SERB) Health Insurance Report. The regions consist of several county groupings, which SERB’s Bureau of Mediation originally developed for the purpose of developing fact finder and conciliation panels.

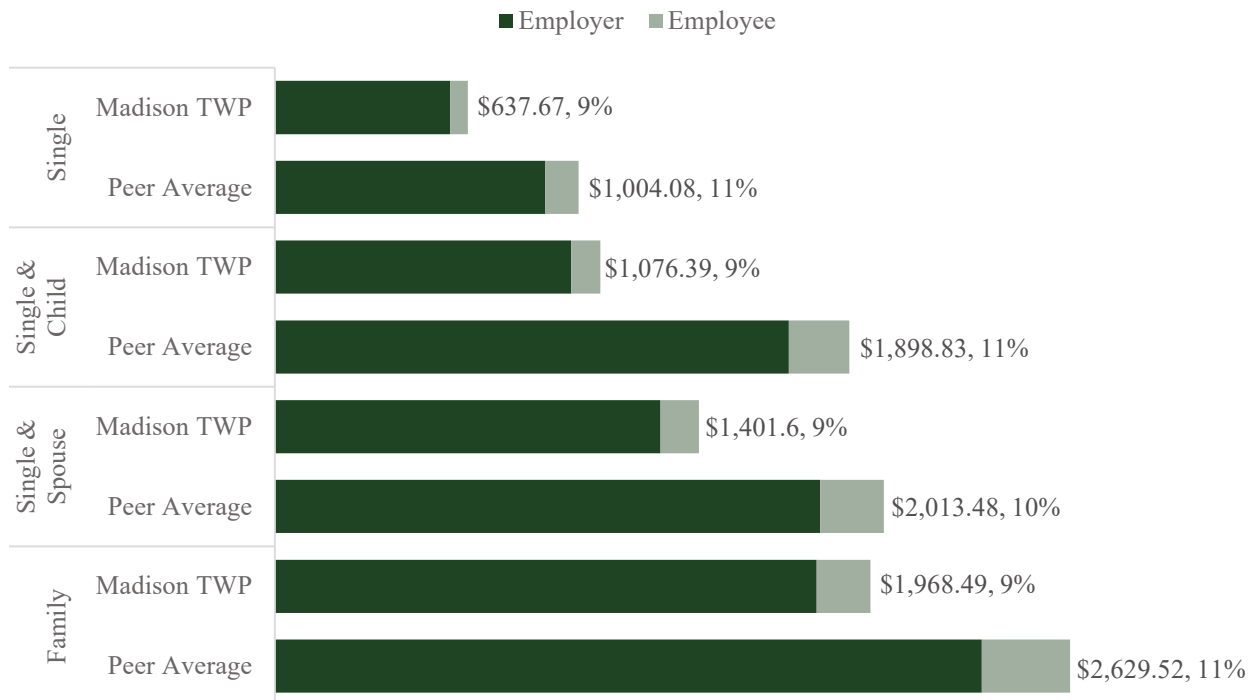
SERB Regional Map



Source: SERB

Madison Township offers a single preferred provider organization (PPO) plan for medical and RX insurance, with offerings for single participants, single plus a child, single plus a spouse, and family participation. All employees contribute 9 percent of the premium cost for medical coverage. Total monthly premiums, employee plus employer portions, for medical and prescription coverage were compared below between Madison Township and the SERB regional average.

Medical & RX Comparison, 2022



Source: Madison Township & SERB

As the chart above shows, Madison Township’s medical and prescription insurance offerings are less expensive than the peer average. The plan design of Madison’s PPO plan is the main factor in the lower total cost for the plan. Overall, the PPO plan has much higher out-of-pocket maximums and deductibles compared to the SERB regional average. The deductible for single coverage is \$2,250 and \$4,500 for family. Similarly, the out-of-pocket maximums are \$5,000 and \$10,000 for single and family coverage respectively.

To offset the higher out of pocket costs associated with the PPO plan, the Township has a health reimbursement arrangement (HRA). Through the HRA the Township provides up to \$5,000 in health expenditure reimbursements per calendar year for single participants and up to \$10,000 for family participants.

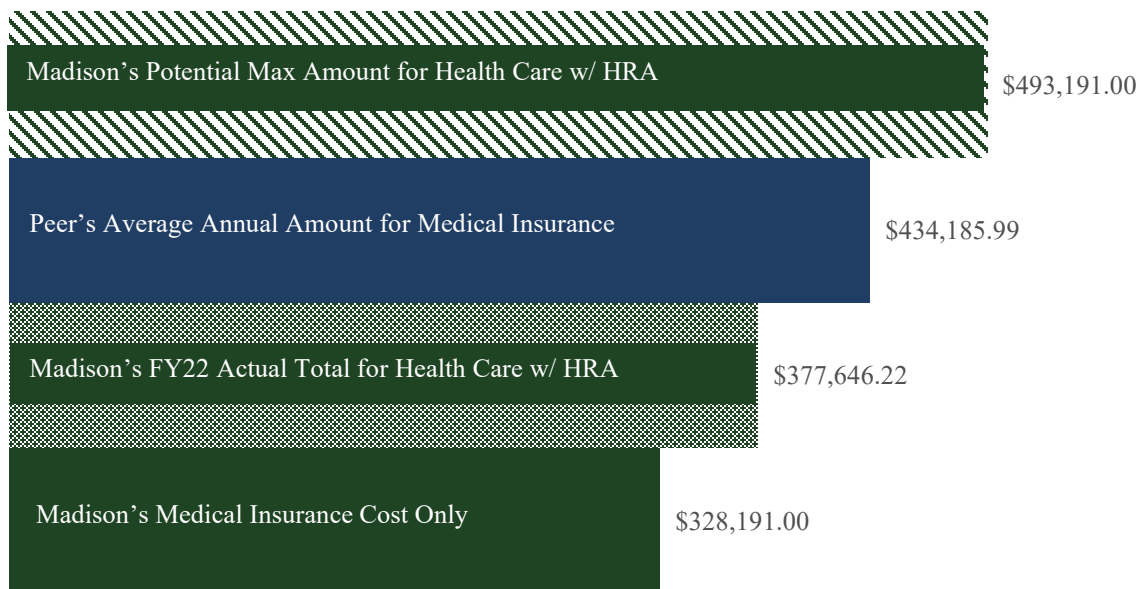
We analyzed this arrangement to determine its impact on the Township’s overall health insurance costs. We used four data points for this comparison:

Efficient • Effective • Transparent

- 1) The impact if every employee enrolled in the PPO plan maxed out the benefit through the HRA;
- 2) The peer average annual expenditures for health insurance;
- 3) The Township’s FY 2022 actual total insurance costs with the HRA included; and,
- 4) The Township’s FY 2022 insurance premium costs.

The results of that analysis are seen in the following chart.

Total Annual Cost for Medical Insurance with HRA Considerations



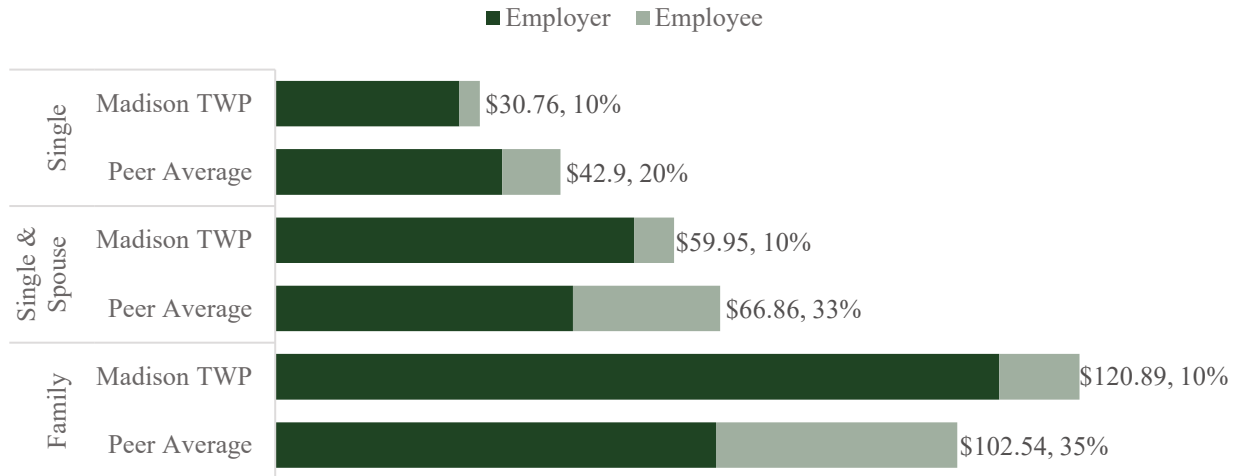
Source: Madison Township & SERB

As seen in the visual, the Township’s total health insurance costs, including the actual amounts reimbursed through the HRA, are below that of the peer average. We found, using a 3-year average that the Township has reimbursed approximately \$30,000 annually which, when added to the annual amount paid for its PPO plan, is less costly than the peer average for a PPO plan with better plan design elements. While the Township is paying less than the SERB regional average, there is a level of risk associated with its design that suggests that Township officials should monitor this provision. As seen above, **if all employees** were reimbursed the maximum amount in their HRA within a given year, the township would end up paying more than the peer average.

In addition to medical insurance, the Township also offers dental and vision insurance, of which employees contribute 10 percent of the premium cost for. While Madison has cheaper dental offerings for single and single & spouse options, the Township does come in higher for family

offerings than the peer average. The Township also pays for a greater share of the premium cost than peers.

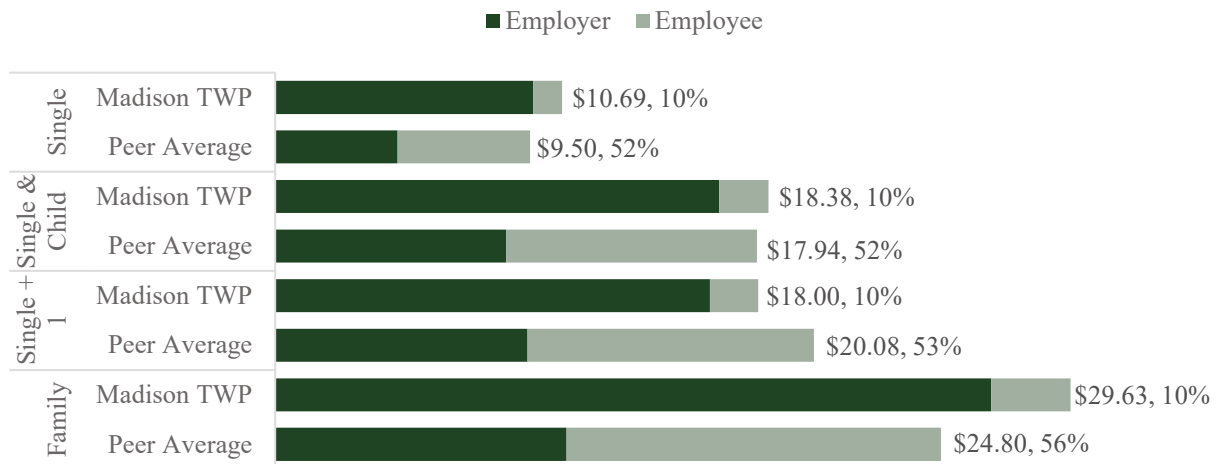
Dental Comparison, 2022



Source: Madison Township & SERB

Madison’s vision offerings are slightly more expensive than the peer average, and a bit more so for the family plan. The Township also pays for a much greater share of the premium than across the peer average, reducing costs to employees.

Vision Comparison, 2022



Source: Madison Township & SERB

Appendix F: Road Department

Madison Township’s Road Department is comprised of currently 1 Road Crew Leader and 2 Road Crew members. The FTE equivalents column is representative of total hours worked converted to full-time equivalents with 2080 annual hours worked as the baseline. Canton’s information is excluded from the peer average due to their structure with a service department that involves work and staff beyond just road work. Brimfield Township is not included in the average as well since information could not be acquired for the performance audit.

Road Department Staffing Relative to Operation

Township	Road Lane Miles	FTE Equivalents (2080 Hours)	Road Repair Material Used (Tons)	2023 Expenditures
Sagamore Hills	74.0	3.9	17.6	\$766,966.92
Concord	50.7	4.1	160.0	\$743,314.55
Brunswick Hills	31.0	4.0	134.6	\$1,289,076.98
Canton	196.0	10.9	50.0	\$2,386,373.34
Liberty	62.1	6.1	83.2	\$1,461,167.75
Madison	70.2	4.0	595.9	\$884,966.12
Peer Average*	54.5	4.5	98.8	\$1,065,131.55
Difference	15.74	(0.52)	497.01	(\$180,165.43)

Source: Madison Township and Primary Peers

*Canton is excluded from this peer average due to the structure of its service department.

As shown above, Madison’s total expenditures are lower than the peer average, but the Township repaired more road lane miles and used significantly more material. A more detailed review of expenditures by type indicated that several peers had capital expenditures in FY 2023, which drove up the peer average.

The following table shows a comparison of miles repaired on an FTE basis and road material used on a per lane mile basis. Using this comparison, we found that Madison repaired more lane miles per FTE, but used more materials than the peer average for each mile that was repaired.

Road Department Peer Comparison Metrics

Township	Road Lane Miles per FTE	Road Material Used per Lane Mile	Cost per Lane Mile
Sagamore Hills	18.9	0.2	\$9,300.41
Concord	12.2	3.2	\$20,329.65
Brunswick Hills	7.8	4.3	\$30,630.05
Liberty	10.1	1.3	\$16,114.40
Madison	17.5	8.5	\$14,473.61
Peer Average*	12.3	2.3	\$19,093.63
Difference	5.20	6.22	(\$4,620.02)

Source: Madison Township and Primary Peers

The Road Department’s current staff is responsible for more road lane miles per FTE than the peer average by approximately 5 miles per FTE and the Road Department’s expenditures per lane mile are approximately \$4,600 lower than the peer average. At the same time, Madison uses more road repair material than the peer average by approximately 6 tons per mile. It should be noted that there are many types of material used to repair roads that could cause some of this variation. Additionally, the variation in types of materials and their quality could result in the need for more frequent road repairs.

Appendix G: Zoning Department

The Zoning Department is staffed by one part-time Zoning Inspector with no set hours but typically is available for 4 hours 3 days a week. The full-time equivalent of the Zoning Inspector translates to 0.3 FTE if assumed a full-time position works 2080 hours annually. The baseline hours were applied to the primary peer’s zoning department staff members and their hours as can be viewed below with accompanying operation specific information.

Zoning Department Staffing Peer Comparisons

	Madison	Peer Average	Difference
FTE Equivalents (2080 hours)	0.3	1.2	(0.9)
Zoning Permits Issued (2023)	88	183	(95)
Township Sq Miles	15.2	18.3	(3.1)
Annual Expenditures (3-year average 2021-23)	\$11,131.92	\$102,898.03	(\$91,766.12)
Cost per Sq Mile	\$732.36	\$5,296.10	(\$4,563.73)
Cost per Zoning Permit Issued	\$126.50	\$574.40	(\$447.90)

Source: Madison Township and Primary Peers

The Township’s expenditures for the Zoning Department are lower than the peer average. This is driven by the lower number of FTEs within the Zoning Department, as the expenditures for this area are largely related to personnel expense. Having fewer FTEs within the Zoning Department may also drive the lower number of permits issued by Madison during the period. Township Officials could consider evaluating the impact of increasing the FTEs within the Zoning Department on Township revenues and expenditures in the future.

Madison’s current residential zoning permit fee schedule is based on square footage which can be viewed below.

Madison Township’s Residential Zoning Permit Fee Schedule

Square Feet	10-499	500-999	1,000-1,499	1,500-1,999	2,000-2,499	2,500-4,999	5,000-7,499	7,500-9,999	10,000-14,999	20,000+
Fee Amount	\$50	\$80	\$100	\$130	\$150	\$180	\$200	\$230	\$250	\$300

Source: Madison Township and Primary Peers

For comparison, scenarios were modeled based on common residential permits needed across each township. To complete this comparison, we looked at several scenarios and compared the permit fee that Madison would charge to the peer average for the same type of permit. The following scenarios were used and are identified in the table on the following page:

-
- Efficient
 -
 - Effective
 -
 - Transparent

- **Scenario 1:** Permit for installing a fence
- **Scenario 2:** Permit for a garage addition which is 12 x 20 ft for 240 square feet in total
- **Scenario 3:** Permit for installing an above ground pool with a 24 ft diameter (452 square feet in total)
- **Scenario 4:** Permit for a deck addition of 350 square feet in size
- **Scenario 5:** Permit for building a 1,500 square feet house

Zoning Application Scenarios

	Madison	Peer Median	Difference
Fence Permit	\$30.00	\$30.00	\$0.00
Garage Addition	\$50.00	\$96.60	(\$46.60)
Above Ground Pool	\$50.00	\$45.00	\$5.00
Deck Addition	\$50.00	\$65.00	(\$15.00)
1,500 sq. ft. New Home	\$130.00	\$300.00	(\$170.00)

Source: Madison Township and Primary Peers

Madison Township reviewed their zoning fees last in 2020. The amount Madison charges for a fence permit is in line with the peer median. The other scenarios show that the Township charges less than the peer median. Opportunity for where permits could be readjusted can be viewed based on **Recommendation 6**.

OHIO AUDITOR OF STATE KEITH FABER



MADISON TOWNSHIP

RICHLAND 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 7/16/2024

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

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