



Dave Yost • Auditor of State

Declaration of Fiscal Caution

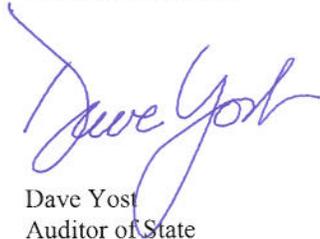
Pursuant to Section 118.025(A), Revised Code, the Auditor of State developed guidelines for identifying fiscal practices and budgetary conditions that, if uncorrected, could result in a future declaration of a fiscal watch or fiscal emergency of a municipal corporation, county, or township. If the Auditor of State determines that a municipal corporation, county, or township is engaging in any of those practices or that any of those conditions exist, the Auditor of State may declare a municipal corporation, county, or township to be in a state of Fiscal Caution.

The Auditor of State's guidelines for a declaration of fiscal caution include (1) unauditible financial records; (2) significant deficiencies, material weaknesses, direct and material noncompliance as disclosed in the financial audit; (3) deficit fund balances; (4) a carryover fund balance of less than one month's average expenditures for two consecutive years, and (5) a failure to reconcile accounting journals and ledgers with the treasury.

Based on a review of Madison Township's financial records on April 19, 2012, Madison Township met the following fiscal caution conditions:

1. The issuance of an unauditible letter to the Township on January 17, 2012 to restore financial records to an auditible condition within 90 days which the Township has failed to complete;
2. Significant deficiencies, material weaknesses and direct and material noncompliance with Ohio law as disclosed the Madison Township 2008-2009 financial audit including negative cash fund balances, appropriations exceeding estimated resources and actual available resources in several funds, receipts not posted, receipts incorrectly posted to wrong funds, disbursements being made from incorrect funds and advances in the General Fund, Road and Bridge Fund and Fire Levy Fund being incorrectly double recorded with a subsequent disbursement for the same amount to correct, thereby overstating both receipts and disbursements;
3. Based on a review of fund financial data for Madison Township at December 31, 2011, the Township had deficit fund balances in the amount of \$78,001. The deficits exceeded two percent of estimated revenues by \$69,287;
4. The Township has not reconciled its account journals and ledgers with the bank for the period January 1, 2010 through March 31, 2012 (27 months).

Accordingly, the Auditor of State hereby declares the Madison Township to be in a state of fiscal caution under Section 118.025(A) of the Ohio Revised Code. A copy of this declaration is being submitted to David Spain, Thomas Craft, Dan Fletcher, Madison Township Board of Trustees and Sharon Willcox, Fiscal Officer.



Dave Yost
Auditor of State

May 17, 2012