



Mary Taylor, CPA  
Auditor of State



MILTON TOWNSHIP  
MAHONING COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Fiduciary Fund Type - For the Year Ended December 31, 2008.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007.....	7
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Fiduciary Fund Type - For the Year Ended December 31, 2007.....	8
Notes to the Financial Statements .....	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17
Schedule of Prior Audit Findings .....	19

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Mary Taylor, CPA  
Auditor of State

Milton Township  
Mahoning County  
P.O. Box 397  
Lake Milton, Ohio 44429

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

January 15, 2010

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Milton Township  
Mahoning County  
P.O. Box 397  
Lake Milton, Ohio 44429

To the Board of Trustees:

We have audited the accompanying financial statements of Milton Township, Mahoning County, (the Township) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Milton Township, Mahoning County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

January 15, 2010



**MILTON TOWNSHIP  
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$118,159	\$290,741	\$408,900
Charges for Services		22,003	22,003
Licenses, Permits, and Fees	9,684	13,452	23,136
Fines and Forfeitures	2,065	4,507	6,572
Intergovernmental	143,013	142,527	285,540
Special Assessments	2,663		2,663
Earnings on Investments	9,768	1,524	11,292
Miscellaneous	48,574	15,694	64,268
	<u>333,926</u>	<u>490,448</u>	<u>824,374</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	125,745	8,726	134,471
Public Safety	3,020	231,836	234,856
Public Works	107,208	114,089	221,297
Health	23,702	15,704	39,406
Capital Outlay	53,992	220,779	274,771
Debt Service:			
Redemption of Principal		28,928	28,928
Interest and Other Fiscal Charges	125	35,552	35,677
	<u>313,792</u>	<u>655,614</u>	<u>969,406</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>20,134</u>	<u>(165,166)</u>	<u>(145,032)</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Sale of Fixed Assets		3,419	3,419
	<u>0</u>	<u>3,419</u>	<u>3,419</u>
<b>Total Other Financing Receipts / (Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	20,134	(161,747)	(141,613)
Fund Cash Balances, January 1	<u>205,866</u>	<u>433,392</u>	<u>639,258</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$226,000</b></u>	<u><b>\$271,645</b></u>	<u><b>\$497,645</b></u>

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

MILTON TOWNSHIP  
MAHONING COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Fund Cash Balances, January 1	<u>4,000</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$4,000</u></u></b>

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

**MILTON TOWNSHIP  
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$120,299	\$295,669	\$0	\$415,968
Charges for Services		4,973		4,973
Licenses, Permits, and Fees	8,695	21,550		30,245
Fines and Forfeitures	1,538	4,058		5,596
Intergovernmental	52,595	416,432		469,027
Special Assessments	2,692			2,692
Earnings on Investments	8,580	1,065		9,645
Miscellaneous	1,249	25,597		26,846
	<u>195,648</u>	<u>769,344</u>	<u>0</u>	<u>964,992</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	124,015	15,344		139,359
Public Safety		207,317		207,317
Public Works	7,013	105,708		112,721
Health	24,706	4,322		29,028
Capital Outlay		71,250		71,250
Debt Service:				
Redemption of Principal		38,891		38,891
Interest and Other Fiscal Charges		34,877	2,108	36,985
	<u>155,734</u>	<u>477,709</u>	<u>2,108</u>	<u>635,551</u>
Total Receipts Over/(Under) Disbursements	<u>39,914</u>	<u>291,635</u>	<u>(2,108)</u>	<u>329,441</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Sale of Fixed Assets		2,700		2,700
	<u>0</u>	<u>2,700</u>	<u>0</u>	<u>2,700</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	39,914	294,335	(2,108)	332,141
Fund Cash Balances, January 1 (restated - See Note 8)	<u>165,952</u>	<u>139,057</u>	<u>2,108</u>	<u>307,117</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$205,866</b></u>	<u><b>\$433,392</b></u>	<u><b>\$0</b></u>	<u><b>\$639,258</b></u>

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

MILTON TOWNSHIP  
MAHONING COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Fund Cash Balances, January 1	<u>4,000</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$4,000</u></u></b>

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

**MILTON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Milton Township, Mahoning County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, police protection, fire protection and emergency medical services.

The Township participates in the Ohio Township Association Risk Management Authority public entity risk pool. Note 7 to the financial statements provides additional information for these entities.

Public Entity Risk Pool:

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

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values repurchase agreements at cost.

**MILTON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

Special Levy Police Fund – This fund receives property tax money to pay for police protection for the Township

Special Levy Fire Fund – This fund received property tax money to pay for fire protection for the Township

**3. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. The Township had no private purpose trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's only agency fund accounts for insurance money that was received by the Township for the clean-up of a burned building.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

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

**2. Estimated Resources**

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

**MILTON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**3. Encumbrances**

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

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

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

Demand deposits	\$11,635	(\$1,249)
Repurchase agreement	490,010	644,507
Total deposits and investments	\$501,645	\$643,258

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**Investments:** The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$157,300	\$333,926	\$176,626
Special Revenue	439,016	493,867	54,851
Total	\$596,316	\$827,793	\$231,477

**MILTON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. BUDGETARY ACTIVITY – (Continued)**

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$338,138	\$313,792	\$24,346
Special Revenue	668,427	655,614	12,813
Total	\$1,006,565	\$969,406	\$37,159

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$178,850	\$195,648	\$16,798
Special Revenue	728,577	772,044	43,467
Total	\$907,427	\$967,692	\$60,265

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$177,300	\$155,734	\$21,566
Special Revenue	734,892	477,709	257,183
Debt Service	2,108	2,108	0
Total	\$914,300	\$635,551	\$278,749

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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



**MILTON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
USDA Fire Station Bonds	\$734,600	4.50%
USDA Fire Equipment Bonds	31,900	4.50%
Dump Truck Loan	3,387	3.63%
Total	\$769,887	

The Township issued bonds to finance the construction of a new fire station building for Township fire protection. The Township's taxing authority collateralized the bonds.

The Township issued bonds to finance the purchase of fire equipment for Township fire protection. The Township's taxing authority collateralized the bonds.

The Township obtained a loan to finance the purchase of a dump truck to be used for the upkeep and maintenance of the Township's roads and bridges. The loan is collateralized solely by the Township's taxing authority.

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

	USDA Fire Station Bonds	USDA Fire Equipment Bonds	Dump Truck Loan
Year ending December 31:			
2009	\$48,457	\$6,135	\$3,420
2010	48,564	6,224	
2011	48,435	6,199	
2012	48,578	6,165	
2013	48,483	6,222	
2014-2018	242,523	6,165	
2019-2023	242,499		
2024-2028	242,402		
2029-2033	242,554		
2034-2038	48,488		
Total	\$1,260,983	\$37,110	\$3,420

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries; full-time police officers contributed 10.1% of their wages each year. For 2008 and 2007, the Township contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Township contributed 17.4% and 17.17% respectively, for full time police officers. The Township has paid all contributions required through December 31, 2008.

**MILTON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$14,000

**MILTON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. RISK MANAGEMENT – (Continued)**

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<b><u>Contributions to OTARMA</u></b>	
2007	\$15,340
2008	\$16,316

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**8. PRIOR PERIOD ADJUSTMENTS**

In fiscal year 2007 the Township voided checks which were written in prior periods by recording the following adjustments to cash fund balances:

<b>2007 Prior Period Adjustment</b>			
	12/31/06 Fund		01/01/07 Fund
<u>Fund Type</u>	<u>Cash Balances</u>	<u>Adjustments</u>	<u>Cash Balances</u>
General	\$ 165,942	\$ 10	\$ 165,952

**9. SUBSEQUENT EVENTS**

On October 20, 2009 the Board of Trustees approved a motion authorizing a loan from Farmer's National Bank to the Township in the amount of \$70,000 for the purchase of two new police cruisers.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Milton Township  
Mahoning County  
P.O. Box 397  
Lake Milton, Ohio 44429

To the Township Board of Trustees:

We have audited the financial statements of Milton Township, Mahoning County, (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated January 15, 2010 wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Township's management in a separate letter dated January 15, 2010.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated January 15, 2010.

We intend this report solely for the information and use of Township management and the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

January 15, 2010

**MILTON TOWNSHIP  
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2006-001	ORC 5705.41(D) The Township did not always certify funds prior to commitment as required by Ohio law.	Yes	
2006-002	ORC 5705.41(B) Township expenditures exceeded appropriation authority	Yes	







Mary Taylor, CPA  
Auditor of State

**MILTON TOWNSHIP**

**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 9, 2010**