



**MILTON TOWNSHIP  
MAHONING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



MILTON TOWNSHIP  
MAHONING COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Milton Township  
Mahoning County  
15992 Milton Avenue  
Milton, Ohio 44425

To the Board of Trustees:

We have audited the accompanying financial statements of Milton Township, Mahoning County, Ohio, (the Township) as of and for the years ended December 31, 2000, and December 31, 1999. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2000, and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2001, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

June 18, 2001

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**MILTON TOWNSHIP  
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

|                                                                                                                              | <u>Governmental Fund Types</u> |                            |                         | <u>Fiduciary Fund</u>           | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------------|-------------------------|---------------------------------|-----------------------------------------|
|                                                                                                                              | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Non-Expendable<br/>Trust</u> |                                         |
| <b>Cash Receipts:</b>                                                                                                        |                                |                            |                         |                                 |                                         |
| Local Taxes                                                                                                                  | \$72,977                       | \$160,391                  | \$14,815                |                                 | \$248,183                               |
| Intergovernmental                                                                                                            | 57,967                         | 83,265                     |                         |                                 | 141,232                                 |
| Licenses, Permits, and Fees                                                                                                  |                                | 13,808                     |                         |                                 | 13,808                                  |
| Fines, Forfeitures, and Penalties                                                                                            | 5,202                          | 1,121                      |                         |                                 | 6,323                                   |
| Earnings on Investments                                                                                                      | 1,486                          | 183                        |                         | \$28                            | 1,697                                   |
| Other Revenue                                                                                                                | 4,339                          | 7,219                      |                         |                                 | 11,558                                  |
|                                                                                                                              | <hr/>                          | <hr/>                      | <hr/>                   | <hr/>                           | <hr/>                                   |
| Total Cash Receipts                                                                                                          | 141,971                        | 265,987                    | 14,815                  | 28                              | 422,801                                 |
| <b>Cash Disbursements:</b>                                                                                                   |                                |                            |                         |                                 |                                         |
| Current:                                                                                                                     |                                |                            |                         |                                 |                                         |
| General Government                                                                                                           | 75,953                         | 8,782                      |                         |                                 | 84,735                                  |
| Public Safety                                                                                                                | 50,364                         | 142,160                    |                         |                                 | 192,524                                 |
| Public Works                                                                                                                 | 12,890                         | 92,318                     |                         |                                 | 105,208                                 |
| Health                                                                                                                       | 13,216                         | 4,976                      |                         |                                 | 18,192                                  |
| Redemption of Principal                                                                                                      |                                |                            | 9,034                   |                                 | 9,034                                   |
| Interest and Fiscal Charges                                                                                                  |                                | 1,978                      | 2,510                   |                                 | 4,488                                   |
| Capital Outlay                                                                                                               |                                | 482                        |                         |                                 | 482                                     |
|                                                                                                                              | <hr/>                          | <hr/>                      | <hr/>                   | <hr/>                           | <hr/>                                   |
| Total Cash Disbursements                                                                                                     | 152,423                        | 250,696                    | 11,544                  |                                 | 414,663                                 |
| Total Receipts Over/(Under) Disbursements                                                                                    | (10,452)                       | 15,291                     | 3,271                   | 28                              | 8,138                                   |
| <b>Other Financing Receipts/(Disbursements):</b>                                                                             |                                |                            |                         |                                 |                                         |
| Proceeds from Sale of Public Debt:                                                                                           |                                |                            |                         |                                 |                                         |
| Sale of Notes                                                                                                                | 10,000                         | 6,500                      |                         |                                 | 16,500                                  |
| Transfers-In                                                                                                                 |                                | 10,000                     |                         |                                 | 10,000                                  |
| Advances-In                                                                                                                  | 12,000                         | 12,000                     |                         |                                 | 24,000                                  |
| Transfers-Out                                                                                                                | (10,000)                       |                            |                         |                                 | (10,000)                                |
| Advances-Out                                                                                                                 | (12,000)                       | (12,000)                   |                         |                                 | (24,000)                                |
|                                                                                                                              | <hr/>                          | <hr/>                      | <hr/>                   | <hr/>                           | <hr/>                                   |
| Total Other Financing Receipts/(Disbursements)                                                                               |                                | 16,500                     |                         |                                 | 16,500                                  |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements<br>and Other Financing Disbursements | (10,452)                       | 31,791                     | 3,271                   | 28                              | 24,638                                  |
| Fund Cash Balances, January 1                                                                                                | 48,247                         | 37,920                     | 12,076                  | 841                             | 99,084                                  |
| <b>Fund Cash Balances, December 31</b>                                                                                       | <b><u>\$37,795</u></b>         | <b><u>\$69,711</u></b>     | <b><u>\$15,347</u></b>  | <b><u>\$869</u></b>             | <b><u>\$123,722</u></b>                 |
| Reserve for Encumbrances, December 31                                                                                        |                                | <u>\$646</u>               |                         |                                 | <u>\$646</u>                            |

*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 AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

|                                                                                                                                       | <u>Governmental Fund Types</u> |                            |                         | <u>Fiduciary Fund</u>           | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------------------|-------------------------|---------------------------------|-----------------------------------------|
|                                                                                                                                       | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Non-Expendable<br/>Trust</u> |                                         |
| <b>Cash Receipts:</b>                                                                                                                 |                                |                            |                         |                                 |                                         |
| Local Taxes                                                                                                                           | \$55,532                       | \$150,904                  | \$19,682                |                                 | \$226,118                               |
| Intergovernmental                                                                                                                     | 62,087                         | 82,158                     |                         |                                 | 144,245                                 |
| Licenses, Permits, and Fees                                                                                                           |                                | 26,079                     |                         |                                 | 26,079                                  |
| Fines, Forfeitures, and Penalties                                                                                                     | 5,151                          | 1,002                      |                         |                                 | 6,153                                   |
| Earnings on Investments                                                                                                               | 1,465                          | 110                        |                         | \$112                           | 1,687                                   |
| Other Revenue                                                                                                                         | 5,588                          | 14,066                     |                         |                                 | 19,654                                  |
|                                                                                                                                       | <u>129,823</u>                 | <u>274,319</u>             | <u>19,682</u>           | <u>112</u>                      | <u>423,936</u>                          |
| <b>Total Cash Receipts</b>                                                                                                            |                                |                            |                         |                                 |                                         |
|                                                                                                                                       | <u>129,823</u>                 | <u>274,319</u>             | <u>19,682</u>           | <u>112</u>                      | <u>423,936</u>                          |
| <b>Cash Disbursements:</b>                                                                                                            |                                |                            |                         |                                 |                                         |
| Current:                                                                                                                              |                                |                            |                         |                                 |                                         |
| General Government                                                                                                                    | 74,281                         | 9,168                      |                         |                                 | 83,449                                  |
| Public Safety                                                                                                                         | 22,000                         | 164,062                    |                         |                                 | 186,062                                 |
| Public Works                                                                                                                          | 49,299                         | 109,094                    |                         |                                 | 158,393                                 |
| Health                                                                                                                                | 10,110                         | 8,368                      |                         |                                 | 18,478                                  |
| Redemption of Principal                                                                                                               |                                | 2,456                      | 7,559                   |                                 | 10,015                                  |
| Interest and Fiscal Charges                                                                                                           |                                | 172                        | 284                     |                                 | 456                                     |
| Capital Outlay                                                                                                                        |                                | 8,591                      |                         |                                 | 8,591                                   |
|                                                                                                                                       | <u>155,690</u>                 | <u>301,911</u>             | <u>7,843</u>            |                                 | <u>465,444</u>                          |
| <b>Total Cash Disbursements</b>                                                                                                       |                                |                            |                         |                                 |                                         |
|                                                                                                                                       | <u>155,690</u>                 | <u>301,911</u>             | <u>7,843</u>            |                                 | <u>465,444</u>                          |
| <b>Total Receipts Over/(Under) Disbursements</b>                                                                                      | <u>(25,867)</u>                | <u>(27,592)</u>            | <u>11,839</u>           | <u>112</u>                      | <u>(41,508)</u>                         |
| <b>Other Financing Receipts/(Disbursements):</b>                                                                                      |                                |                            |                         |                                 |                                         |
| Proceeds from Sale of Public Debt:                                                                                                    |                                |                            |                         |                                 |                                         |
| Sale of Notes                                                                                                                         |                                | 8,591                      |                         |                                 | 8,591                                   |
| Transfers-In                                                                                                                          |                                | 7,106                      |                         |                                 | 7,106                                   |
| Transfers-Out                                                                                                                         | (7,106)                        |                            |                         |                                 | (7,106)                                 |
|                                                                                                                                       | <u>(7,106)</u>                 | <u>15,697</u>              |                         |                                 | <u>8,591</u>                            |
| <b>Total Other Financing Receipts/(Disbursements)</b>                                                                                 |                                |                            |                         |                                 |                                         |
|                                                                                                                                       | <u>(7,106)</u>                 | <u>15,697</u>              |                         |                                 | <u>8,591</u>                            |
| <b>Excess of Cash Receipts and Other Financing<br/>Receipts Over/(Under) Cash Disbursements<br/>and Other Financing Disbursements</b> | <u>(32,973)</u>                | <u>(11,895)</u>            | <u>11,839</u>           | <u>112</u>                      | <u>(32,917)</u>                         |
| <b>Fund Cash Balances, January 1</b>                                                                                                  | <u>81,220</u>                  | <u>49,815</u>              | <u>237</u>              | <u>729</u>                      | <u>132,001</u>                          |
| <b>Fund Cash Balances, December 31</b>                                                                                                | <u><b>\$48,247</b></u>         | <u><b>\$37,920</b></u>     | <u><b>\$12,076</b></u>  | <u><b>\$841</b></u>             | <u><b>\$99,084</b></u>                  |

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



**MILTON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Milton Township, Mahoning County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with Pellin Emergency Medical Services, Inc., to provide ambulance services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

U.S. Treasury Notes and Bills (Armada Treasury Money Market Fund) are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

*Special Levy Police Fund* - This fund receives property tax money for providing and maintaining motor vehicles, communications, and other equipment, used directly in the operation of a police department or the payment of salaries of police personnel.

**MILTON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**3. Debt Service Funds**

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

*General Note Retirement Fund* - This fund receives property tax money for payment on the Sewer Project Loan and the Bronco Loan for the Police Department.

**4. Fiduciary Funds (Trust Fund)**

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

*Non-expendable Trust Fund* - This fund is used to account for cemetery bequests.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**MILTON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

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

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

|                                   | <u>2000</u> | <u>1999</u> |
|-----------------------------------|-------------|-------------|
| Demand deposits                   | \$123,488   | \$98,737    |
| Armada Treasury Money Market Fund | 234         | 347         |
| Total deposits and investments    | \$123,722   | \$99,084    |

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

**Investments:** U.S. Treasury Notes and Bills (Armada Treasury Money Market Fund) are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and December 31, 1999, follows:

| 2000 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$164,470            | \$151,971          | (\$12,499) |
| Special Revenue                   | 308,117              | 282,487            | (25,630)   |
| Debt Service                      | 14,815               | 14,815             | 0          |
| Total                             | \$487,402            | \$449,273          | (\$38,129) |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|-------------------------------------------------------|----------------------------|---------------------------|-----------|
| Fund Type                                             | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General                                               | \$202,422                  | \$162,423                 | \$39,999  |
| Special Revenue                                       | 333,812                    | 251,342                   | 82,470    |
| Debt Service                                          | 23,088                     | 11,544                    | 11,544    |
| Total                                                 | \$559,322                  | \$425,309                 | \$134,013 |

**MILTON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

| 1999 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$100,791            | \$129,823          | \$29,032 |
| Special Revenue                   | 259,381              | 290,016            | 30,635   |
| Debt Service                      | 19,162               | 19,682             | 520      |
| Total                             | \$379,334            | \$439,521          | \$60,187 |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|-------------------------------------------------------|----------------------------|---------------------------|----------|
| Fund Type                                             | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General                                               | \$177,592                  | \$162,796                 | \$14,796 |
| Special Revenue                                       | 293,438                    | 301,911                   | (8,473)  |
| Debt Service                                          | 7,856                      | 7,843                     | 13       |
| Total                                                 | \$478,886                  | \$472,550                 | \$6,336  |

**4. PROPERTY TAX**

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

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

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

**MILTON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

|                          | Principal | Interest<br>Rate |
|--------------------------|-----------|------------------|
| Cruiser Loan - Police #1 | \$15,733  | 4.95%            |
| Cruiser Loan - Police #2 | 15,733    | 4.95%            |
| Mower Loan - Cemetery    | 6,613     | 5.65%            |
| Fire Trucks Loan         | 10,000    | 6.75%            |
| Blazer Loan - Police     | 6,500     | 6.00%            |
| Total                    | \$54,579  |                  |

The police cruiser loans were issued to finance the purchase of two new police cars to be used for Township police protection. The loans are collateralized solely by the Township's taxing authority.

The mower loan was issued to finance the purchase of a new mower to be used for the upkeep and maintenance of the Township's cemetery's. The loan is collateralized solely by the Township's taxing authority.

The fire truck loan was issued to finance the purchase of the two used fire trucks to be used for Township fire protection. The loan is collateralized solely by the Township's taxing authority.

The Blazer loan was issued to finance the purchase of a used Blazer to be used for Township police protection. The loan is collateralized solely by the Township's taxing authority.

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

| Year ending<br>December 31: | Police<br>Cruisers<br>Loan | Mower Loan -<br>Cemetery | Blazer Loan | Fire Trucks<br>Note | Totals   |
|-----------------------------|----------------------------|--------------------------|-------------|---------------------|----------|
| 2001                        | \$11,544                   | \$2,460                  | \$2,431     | \$3,805             | \$20,240 |
| 2002                        | 11,544                     | 2,460                    | 2,431       | 3,805               | 20,240   |
| 2003                        | 11,544                     | 2,460                    | 2,431       | 3,805               | 20,240   |
| Total                       | \$34,632                   | \$7,380                  | \$7,293     | \$11,415            | \$60,720 |

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 1999 and 10.84% for 2000. The Township has paid all contributions required through December 31, 2000.

**MILTON TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Township is a member of the Ohio Township Association Risk Management Authority Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

The Township also provides health insurance and dental and vision coverage to full-time employees and Trustees through a private carrier.

**8. SUBSEQUENT EVENTS**

The Township passed a 2 mill levy in November 2000 for fire protection. The Township will begin collecting receipts from this levy in 2001.



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Milton Township  
Mahoning County  
15992 Milton Avenue  
Milton, Ohio 44425

To the Board of Trustees:

We have audited the accompanying financial statements of Milton Township, Mahoning County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 18, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-41150-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 18, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Milton Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-41150-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition

Milton Township  
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Report of Independent Accountants on Compliance and on  
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described above is not a material weakness. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 18, 2001.

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

**Jim Petro**  
Auditor of State

June 18, 2001



**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

|                                                                                                          |
|----------------------------------------------------------------------------------------------------------|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|----------------------------------------------------------------------------------------------------------|

**FINDING NUMBER 2000-41150-001**

**Noncompliance Citation/Reportable Condition**

**Ohio Rev. Code § 5705.41(D)**, states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
  
- B. If the amount involved is less than one thousand dollars the fiscal officer issues a certificate, but may authorize it to be paid without the affirmation of the Trustees.

For 46% of expenditures tested in the audit period, contracts and purchases were committed prior to the certification of available funds by the Clerk, and neither exception listed above was followed. This condition does not provide adequate accountability over the Township's disbursements. Expenditures may be incurred which the Board of Trustees have not authorized or which the Township cannot afford.

Certifications should be performed before entering into obligations or placing orders, this will help to ensure the availability of funds and proper accounting and reporting of nonpayroll disbursements. The clerk should be informed of any and all purchases before obligations are made or orders are placed. This will ensure that purchase orders are completed prior to a purchase being made, as well as assuring that there are sufficient funds to cover the proposed purchase.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**MILTON TONWSHIP**

**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  
JULY 17, 2001**