



**Auditor of State
Betty Montgomery**

MILTON TOWNSHIP
MAHONING COUNTY

TABLE OF CONTENTS

| <u>TITLE</u> | <u>PAGE</u> |
|--|-------------|
| Independent Accountants' Report..... | 1 |
| 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, 2002..... | 3 |
| 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, 2001..... | 4 |
| Notes to the Financial Statements..... | 5 |
| Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> | 11 |
| Schedule of Findings..... | 13 |
| Schedule of Prior Audit Findings..... | 14 |

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Milton Township
Mahoning County
15992 Milton Avenue
P.O. Box 308
Lake Milton, Ohio 44429

To the Board of Trustees:

We have audited the accompanying financial statements of Milton Township (the Township) as of and for the years ended December 31, 2002 and December 31, 2001. 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 *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, 2002 and December 31, 2001, 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 May 15, 2003 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.

Milton Township
Mahoning County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of the management, the Board of Trustees 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 15, 2003

**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, 2002**

| | <u>Governmental Fund Types</u> | | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Fiduciary Funds</u> | |
| Cash Receipts: | | | | | |
| Local Taxes | \$80,574 | \$257,793 | \$13,432 | | \$351,799 |
| Licenses, Permits, and Fees | | 10,587 | | | 10,587 |
| Fines, Forfeitures, and Penalties | 3,734 | 833 | | | 4,567 |
| Intergovernmental | 67,501 | 107,307 | | | 174,808 |
| Earnings on Investments | 1,623 | 173 | | \$1 | 1,797 |
| Miscellaneous | 3,334 | 13,426 | | 4,000 | 20,760 |
| Total Cash Receipts | <u>156,766</u> | <u>390,119</u> | <u>13,432</u> | <u>4,001</u> | <u>564,318</u> |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| General Government | 84,254 | 10,151 | | | 94,405 |
| Public Safety | 22,887 | 267,689 | | | 290,576 |
| Public Works | 9,699 | 126,933 | | | 136,632 |
| Health | 13,936 | 10,900 | | | 24,836 |
| Miscellaneous | | | | 148 | 148 |
| Debt Service: | | | | | |
| Redemption of Principal | | 2,204 | 15,984 | | 18,188 |
| Interest and Fiscal Charges | | 256 | 1,795 | | 2,051 |
| Capital Outlay | | 11,445 | | | 11,445 |
| Total Cash Disbursements | <u>130,776</u> | <u>429,578</u> | <u>17,779</u> | <u>148</u> | <u>578,281</u> |
| Total Receipts Over/(Under) Disbursements | <u>25,990</u> | <u>(39,459)</u> | <u>(4,347)</u> | <u>3,853</u> | <u>(13,963)</u> |
| Other Financing Receipts and (Disbursements): | | | | | |
| Transfers-In | | 10,162 | | | 10,162 |
| Transfers-Out | (3,798) | (6,364) | 0 | 0 | (10,162) |
| Total Other Financing Receipts/(Disbursements) | <u>(3,798)</u> | <u>3,798</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <u>22,192</u> | <u>(35,661)</u> | <u>(4,347)</u> | <u>3,853</u> | <u>(13,963)</u> |
| Fund Cash Balances, January 1 | <u>44,087</u> | <u>154,575</u> | <u>15,350</u> | <u>757</u> | <u>214,769</u> |
| Fund Cash Balances, December 31 | <u>\$66,279</u> | <u>\$118,914</u> | <u>\$11,003</u> | <u>\$4,610</u> | <u>\$200,806</u> |
| Reserve for Encumbrances, December 31 | <u>\$6,900</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$6,900</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, 2001**

| | <u>Governmental Fund Types</u> | | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Fiduciary Funds</u> | |
| Cash Receipts: | | | | | |
| Local Taxes | \$73,950 | \$245,726 | \$17,781 | | \$337,457 |
| Licenses, Permits, and Fees | | 14,722 | | | 14,722 |
| Fines, Forfeitures, and Penalties | 6,153 | 1,341 | | | 7,494 |
| Intergovernmental | 64,062 | 190,077 | | | 254,139 |
| Earnings on Investments | 2,252 | 302 | | \$2 | 2,556 |
| Miscellaneous | 3,883 | 19,480 | | | 23,363 |
| Total Cash Receipts | <u>150,300</u> | <u>471,648</u> | <u>17,781</u> | <u>2</u> | <u>639,731</u> |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| General Government | 110,752 | 8,072 | | | 118,824 |
| Public Safety | 16,508 | 262,023 | | | 278,531 |
| Public Works | 3,287 | 104,026 | | | 107,313 |
| Health | 13,460 | 10,203 | | | 23,663 |
| Miscellaneous | | | | 116 | 116 |
| Debt Service: | | | | | |
| Redemption of Principal | | 2,084 | 15,123 | | 17,207 |
| Interest and Fiscal Charges | | 375 | 2,657 | | 3,032 |
| Total Cash Disbursements | <u>144,007</u> | <u>386,783</u> | <u>17,780</u> | <u>116</u> | <u>548,686</u> |
| Total Receipts Over/(Under) Disbursements | <u>6,293</u> | <u>84,865</u> | <u>1</u> | <u>(114)</u> | <u>91,045</u> |
| Other Financing Receipts and (Disbursements): | | | | | |
| Advances-In | 5,650 | 5,650 | | | 11,300 |
| Advances-Out | (5,650) | (5,650) | | | (11,300) |
| Total Other Financing Receipts/(Disbursements) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <u>6,293</u> | <u>84,865</u> | <u>1</u> | <u>(114)</u> | <u>91,045</u> |
| Fund Cash Balances, January 1 | <u>37,794</u> | <u>69,710</u> | <u>15,349</u> | <u>871</u> | <u>123,724</u> |
| Fund Cash Balances, December 31 | <u>\$44,087</u> | <u>\$154,575</u> | <u>\$15,350</u> | <u>\$757</u> | <u>\$214,769</u> |
| Reserve for Encumbrances, December 31 | <u>\$663</u> | <u>\$26,775</u> | <u>\$0</u> | <u>\$18</u> | <u>\$27,456</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, 2002 AND 2001**

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 road and bridge maintenance, cemetery maintenance, fire protection and police protection. 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

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 Funds:

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.

Special Levy Fire Fund - This fund receives property tax money for providing and maintaining fire trucks, communications and other equipment, used directly in the operation of a fire department.

**MILTON TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 only one Debt Service Fund.

4. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

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

Fire Damage Fund – This fund is used to account for money held by the Township due to a resident having a fire and not cleaning up the property. The insurance company sent the money to the Township to hold until the resident cleans up the property.

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 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. The Township also made a transfer that was not allowable by Ohio Revised Code.

A summary of 2002 and 2001 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, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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:

| | | |
|-----------------|-----------|-----------|
| | 2002 | 2001 |
| Demand deposits | \$200,806 | \$214,769 |

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

| 2002 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$165,612 | \$156,766 | (\$8,846) |
| Special Revenue | 389,882 | 400,281 | 10,399 |
| Debt Service | 13,977 | 13,432 | (545) |
| Fiduciary | 4,010 | 4,001 | (9) |
| Total | \$573,481 | \$574,480 | \$999 |

| 2002 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$200,055 | \$141,474 | \$58,581 |
| Special Revenue | 540,168 | 435,942 | 104,226 |
| Debt Service | 17,781 | 17,779 | 2 |
| Fiduciary | 4,153 | 148 | 4,005 |
| Total | \$762,157 | \$595,343 | \$166,814 |

**MILTON TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

| 2001 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$193,648 | \$150,300 | (\$43,348) |
| Special Revenue | 457,601 | 471,648 | 14,047 |
| Debt Service | 17,781 | 17,781 | 0 |
| Fiduciary | 20 | 2 | (18) |
| Total | \$669,050 | \$639,731 | (\$29,319) |

| 2001 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$214,053 | \$144,670 | \$69,383 |
| Special Revenue | 496,918 | 413,558 | 83,360 |
| Debt Service | 17,781 | 17,780 | 1 |
| Fiduciary | 449 | 134 | 315 |
| Total | \$729,201 | \$576,142 | \$153,059 |

4. PROPERTY TAX

Real property taxes become a lien on January 1, proceeding 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.

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

| | Principal | Interest Rate |
|-----------------------|-----------|---------------|
| Cruiser Loan - 116 | \$5,500 | 4.95% |
| Cruiser Loan - 117 | 5,500 | 4.95% |
| Mower Loan - 118 | 2,325 | 5.65% |
| Fire Truck Loan - 119 | 3,565 | 6.00% |
| Blazer Loan - 120 | 2,294 | 6.75% |
| Total | \$19,184 | |

**MILTON TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. DEBT - (Continued)

The police cruiser loans were issued to finance the purchase of two new police cars to be used for the 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 cemeteries. 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 the 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 December 31: | Police Cruisers - 116 & 117 | Mower loan | Fire Truck Loan | Blazer Loan |
|-----------------------------|--------------------------------|----------------|--------------------|----------------|
| 2003 | \$11,545 | \$2,460 | \$3,805 | \$2,431 |
| Total | <u>\$11,545</u> | <u>\$2,460</u> | <u>\$3,805</u> | <u>\$2,431</u> |

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plans. 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. For 2002 and 2001, members of PERS participants contributed 8.5% of their gross salaries; full-time policemen contributed 10% of their gross salaries. The Township contributed an amount equal to 14.5% of participants' gross salaries for 2001; 16.7% for full-time policemen and 13.55% of participants' gross salaries for 2002; 16.7% for full-time policemen. The Township has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Risk Pool Membership

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 following information is the most current information available at this time.

**MILTON TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. RISK MANAGEMENT – (Continued)

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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

Financial Position

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

| <u>Casualty Coverage</u> | <u>2001</u> | <u>2000</u> |
|--------------------------|---------------------|---------------------|
| Assets | \$23,703,776 | \$22,684,383 |
| Liabilities | <u>9,379,003</u> | <u>8,924,977</u> |
| Retained earnings | <u>\$14,324,773</u> | <u>\$13,759,406</u> |

| <u>Property Coverage</u> | <u>2001</u> | <u>2000</u> |
|--------------------------|--------------------|--------------------|
| Assets | \$5,011,131 | \$4,156,784 |
| Liabilities | <u>647,667</u> | <u>497,831</u> |
| Retained earnings | <u>\$4,363,464</u> | <u>\$3,658,953</u> |



**Auditor of State
Betty Montgomery**

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

Milton Township
Mahoning County
15992 Milton Avenue
P.O. Box 308
Lake Milton, Ohio 44429

To the Board of Trustees:

We have audited the accompanying financial statements of Milton Township (the Township) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated May 15, 2003. 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 *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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 and 2002-002. We also noted certain immaterial instances of noncompliance that we have reported to management of Milton Township in a separate letter dated May 15, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 2002-001.

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 do not believe the reportable condition described above is a material weakness. We also 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 May 15, 2003.

This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 15, 2003

**MILTON TOWNSHIP
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2002-001

Noncompliance Citation/Reportable Condition

Ohio Revised 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 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.

During our audit we noted 33% 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 help ensure that purchase orders are completed prior to a purchase being made and that there are sufficient funds to cover the proposed purchase.

FINDING NUMBER 2002-002

Noncompliance Citation/Finding for Adjustment

Ohio Rev. Code Sections 5705.14, 5705.15 and 5705.16 provide guidance regarding the transfer of funds. No transfer can be made from one fund of a subdivision to any other fund unless the transfer complies with one of the exceptions stated in the above stated Ohio Revised Code Sections.

Contrary to the sections described above, the Township transferred \$6,364 from the Zoning (Special Revenue) Fund to the Special Levy Police (Special Revenue) Fund in 2002.

The Township has adjusted its accounting records and the December 31, 2002 fund balance to reflect the removal of these transfers.

The Township should ensure that all transfers are in accordance to the Ohio Revised Code before they are approved by Township Trustees and posted by the Township Clerk.

MILTON TOWNSHIP
MAHONING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR ENDING DECEMBER 31, 2000

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i> |
|-----------------------|---|-------------------------|--|
| 2000-41150-001 | Ohio Rev. Code §5705.41(D) – 46% of expenditures tested were committed prior to the certification of available funds by the Clerk and neither exception was followed. | No | Not corrected. 33% of the expenditures tested in 2001 & 2002 were committed prior to the certification of available funds by the Clerk and neither exception was followed. |



**Auditor of State
Betty Montgomery**

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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
JULY 15, 2003**