



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Milton Township
Mahoning County
15992 Milton Avenue
P.O. Box 397
Lake Milton, Ohio 44429

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Milton Township (the "Township") agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2010 and 2009, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. 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 provide attest services to 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 perform this engagement, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to perform attest services for Ohio governments.

This report only describes exceptions exceeding \$10.

Cash

1. We tested the mathematical accuracy of the December 31, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2009 beginning fund balances recorded in the Fund Status Report to the December 31, 2008 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2010 and 2009 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2010 bank account balances with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2010 bank reconciliation without exception.

Cash – (Continued)

5. We selected five outstanding checks haphazardly from the December 31, 2010 bank reconciliation. Checks selected: 25407, 25418, 25431, 25441, and 25447.
 - a. We traced each outstanding check to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates written to the check register, to determine the outstanding checks were dated prior to December 31. We noted no exceptions.
6. We selected the one reconciling item from the December 31, 2010 bank reconciliation:
 - a. We traced the item to the subsequent January Payment Register Detail Report. We found no exceptions.
 - b. We agreed the amount of the reconciling item to the December 2010 bank statement without exception.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from the First Half Real Estate *Statement of Semiannual Apportionment of Taxes* (the Receipt Register Report Statement) for 2010 and one from 2009:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. We also traced the advances noted on the *Statement* to the Receipt Register Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Revised Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included the proper number of tax receipts for 2010 and 2009:
 - a. Two personal property tax receipts
 - b. Two tangible personal property tax receipts
 - c. Two real estate tax receipts
 - d. Two manufactured homes tax receipts
 - e. Total of advances on the *Statement*.

We noted the Receipts Register Report included the proper number of tax settlement receipts for each year.

3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2010 and five from 2009. We also selected five receipts from the County Auditor's Vendor History Reports from 2010 and five from 2009.
 - a. We compared the amounts from the DTL and the Vendor History Reports to the amounts recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. From the prior audit report, we noted the following loan and bonds outstanding as of December 31, 2008. These amounts agreed to the Township's January 1, 2009 balances on the summary we used in step 3.

<u>Issue</u>	<u>Principal outstanding as of December 31, 2008:</u>
USDA Fire Station Bonds	\$734,600
USDA Fire Equipment Bonds	\$31,900
Dump Truck Loan	\$3,387

2. We inquired of management, and scanned the Revenue Ledger and Appropriation Ledger for evidence of debt issued during 2010 or 2009 or debt payment activity during 2010 or 2009. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bonded and note debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedules to the Special Levy Police Fund, Special Levy Fire Fund, and Permissive Motor Vehicle Fund payments reported in the Appropriation Ledger. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds, \$70,000 (2009), \$26,000 (2010), and \$40,000 (2010), from the debt documents to amounts recorded in the Special Levy Police Fund (\$70,000 and \$26,000) and the Special Levy Fire Fund (\$40,000) per the Revenue Ledger Report. The amounts agreed.
5. For new debt issued during 2010 and 2009, we inspected the debt legislation, noting the Township must use the proceeds to purchase two police vehicles for \$70,000, a police vehicle for \$26,000, and a fire truck for \$40,000. We scanned the Appropriation Ledger and noted the Township purchased two police vehicles for \$70,000 in October of 2009, a police vehicle for \$26,000 in February of 2010, and a fire truck for \$40,000 in July of 2010.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2010 (checks selected: E00430, E00435, E00446, E00567, and E00650) and one payroll check for five employees from 2009 (checks selected: 24091, 24150, 24408, 24512, and 24899) from the Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files and minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2010 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2010. We noted the following:

Payroll Cash Disbursements – (Continued)

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2011	December 28, 2010	\$1,685.45	\$1,685.45
State income taxes	January 31, 2011	December 27, 2010	\$442.48	\$442.48
OPERS retirement	January 30, 2011	December 27, 2010	\$4,807.44	\$4,807.44

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2010 (checks selected: 24764, 24776, 24968, 24985, 25006, 25056, 25057, 25303, 25432, and 25434) and ten from the year ended 2009 (checks selected: 23894, 24039, 24055, 24123, 24155, 24475, 24504, 24591, 24602, and 24695) and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Revised Code Section 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. We compared the total amounts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Revised Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Police Levy and Fire Levy funds for the years ended December 31, 2010 and 2009. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$157,075, the Police Levy Fund of \$416,550, and the Fire Levy Fund of \$122,100 for 2010. However, the final *Amended Official Certificate of Estimated Resources* reflected the amounts of \$168,075 for the General Fund, \$439,461 for the Police Levy Fund, and \$127,564 for the Fire Levy Fund. For 2009, The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$145,500, the Police Levy Fund of \$362,000, and the Fire Levy Fund of \$121,000. However, the final *Amended Official Certificate of Estimated Resources* reflected the amounts of \$199,480 for the General Fund, \$461,196 for the Police Levy Fund, and \$137,576 for the Fire Levy Fund. The lower amounts recorded on the Revenue Status Reports are determined by the Board of Trustees and Fiscal Officer based on past history of actual property tax receipts and represent a conservative budgetary approach. The Township's subsequent appropriations are also based on these lower amounts.
2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, Police Levy and Fire Levy funds, the Trustees appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Revised Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Revised Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2010 and 2009 for the following funds: General Fund, Motor Vehicle License Tax Fund, and the Road and Bridge Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.

Compliance – Budgetary – (Continued)

4. Ohio Revised Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Police Levy and Fire Levy funds for the years ended December 31, 2010 and 2009. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Revised Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2010 and 2009 for the General, Police Levy and Fire Levy funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Revised Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during the years ended December 31, 2010 and 2009. We also inquired of management regarding whether the Township received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Revised Code Section 5705.09 would require the Township to establish a new fund.
7. We scanned the 2010 and 2009 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$500 which Ohio Revised Code Sections 5705.14 -- .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Revised Code Section 5705.13. We noted the Township did not establish these reserves.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2010 and 2009 for procurements requiring competitive bidding under the following statutes:
 - a. Materials, machinery and tools used in constructing, maintaining and repairing roads and culverts, where costs exceeded \$25,000 (Ohio Revised Code Section 5549.21)
 - b. Construction and erection of a memorial building or monument costs exceeding \$25,000 (Ohio Revised Code Section 511.12)
 - c. Equipment for fire protection and communication costs exceeding \$50,000 (Ohio Revised Code Sections 505.37 to 505.42)
 - d. Street lighting systems or improvement costs exceeding \$25,000 (Ohio Revised Code Section 515.07)
 - e. Building modification costs exceeding \$25,000 to achieve energy savings (Ohio Revised Code Section 505.264)
 - f. Private sewage collection tile costs exceeding \$25,000 (Ohio Revised Code Sections 521.02 to 521.05)
 - g. Fire apparatus, mechanical resuscitators, other fire equipment, appliances, materials, fire hydrants, buildings, or fire-alarm communications equipment or service costs exceeding \$50,000 (Ohio Revised Code Section 505.37(A))
 - h. Maintenance and repair of roads exceeding \$45,000 (Ohio Revised Code Section 5575.01)
 - i. Construction or reconstruction of a township road exceeding \$15,000/per mile (Ohio Revised Code Section 5575.01)

We identified no purchases subject to the aforementioned bidding requirements.

Compliance – Contracts & Expenditures – (Continued)

2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2010 and 2009 to determine if the Township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct Township roads (cost of project \$5,000-\$15,000/per mile) for which Ohio Revised Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the county engineer to complete a force account cost estimate.

Officials' Response: The Township chose not to respond.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

August 5, 2011



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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
SEPTEMBER 13, 2011**