

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006



Mary Taylor, CPA
Auditor of State

Board of Trustees
Middleton Township
P.O. Box 295
Negley, Ohio 44441

We have reviewed the *Independent Accountants' Report* of Middleton Township, Columbiana County, prepared by Knox & Knox, for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Middleton Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 3, 2008

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**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

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KNOX & KNOX

Accountants and Consultants

INDEPENDENT ACCOUNTANTS' REPORT

Middleton Township
Columbiana County
P.O. Box 295
Negley, Ohio 44441-0295

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Middleton Township, Ohio (the Township) as of and for the years ended December 31, 2007 and 2006 which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the Village has prepared these financial statements and notes using the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Middleton Township, Columbiana County, Ohio, as of December 31, 2007 and 2006, and the respective changes in financial position—cash basis and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, Road Levy and Fire Levy Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Middleton Township
Columbiana County
Report of Independent Accountants
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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

KNOX & KNOX

Orrville, Ohio
July 18, 2008

Middleton Township
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

This discussion and analysis of Middleton Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$396,101, or approximately 33 percent, a major change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2007; however, cost increases affected most funds. The reason for a large increase is two-fold, first the Township received inheritance taxes amounting to over \$332,000 and the levy funds show an approximate increase of 10 percent.

The Township's general receipts are primarily property taxes and entitlements. These receipts represent 52 and 37 percent of the total cash received for governmental activities during the year. Property tax and entitlement receipts for 2007 changed by approximately 10 percent compared to 2006 as development within the Township has picked up slightly.

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$8,285, or 12 percent, a slight change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2006; however, cost increases affected most funds.

The Township's general receipts are primarily property taxes and entitlements. These receipts represent respectively 52 and 37 percent of the total cash received for governmental activities during the year. Property tax and entitlement receipts for 2006 changed very little compared to 2005 as development within the Township has slowed.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Middleton Township
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Township's general receipts. The Township had no business-type activities in 2007 or 2006.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township has one type of activity:

Governmental Activities: Most of the Township's basic services are reported here, including fire protection, streets and cemeteries. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and fiduciary.

Middleton Township
Management's Discussion and Analysis
For the Year's Ended December 31, 2007 and 2006
Unaudited

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gas Tax Fund, Road & Bridge Fund, Road '98 Levy Fund, and Fire Levy Fund.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the township-wide financial statements because the resources of these funds are not available to support the Township's programs.

The Township as a Whole

Table 1 provides a summary of the Townships net assets for 2007 and 2006 compared to 2005 on a cash basis:

	<u>Governmental Activities</u>		
	<u>2007</u>	<u>2006</u>	<u>2006</u>
ASSETS			
Cash and Cash Equivalents	\$294,693	\$66,577	\$59,793
Investments			
Total Assets	<u>\$294,693</u>	<u>\$66,577</u>	<u>\$59,793</u>
NET ASSETS			
Restricted for:			
Debt Service		\$83	\$509
Capital Projects	245,607	22,599	2,767
Permanent Fund	2,736	5,565	5,460
Other Purposes	32,256	26,558	35,787
Unrestricted	14,094	11,772	15,270
Total Net Assets	<u>\$294,693</u>	<u>\$66,577</u>	<u>\$59,793</u>

As mentioned previously, net assets of governmental activities decreased \$396,101 or 33 percent during 2007 and \$8,285 or 12 percent during 2006. The primary reasons contributing to the decreases in cash balances are as follows:

- The main reason for the increase in assets in 2007 was the inheritance tax settlement of over \$332,000 the Township received. In addition, levy revenue and C & D Landfill Tipping fees were up
- The main reason for the increase in assets in 2006 was C & D Landfill Tipping Fees received.

Middleton Township
Management's Discussion and Analysis
For the Year's Ended December 31, 2007 and 2006
Unaudited

Table 2 reflects the changes in net assets in 2007, 2006 and 2005.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Program Receipts:			
Charges for Services and Sales			\$400
Operating Grants and Contributions	\$116,262	\$111,326	107,557
Capital Grants and contributions	<u>26,541</u>		
Total Program Receipts	<u>142,803</u>	<u>111,326</u>	<u>107,957</u>
General Receipts:			
Property and Other Local Taxes	354,152	331,166	336,280
Other Taxes	334,356	8,752	8,961
Grants and Entitlements Not Restricted to Specific Programs	120,499	228,475	136,710
Sale of Fixed Assets		21,700	
Interest	627	361	236
Miscellaneous	<u>17,384</u>	<u>14,680</u>	<u>69,608</u>
Total General Receipts	<u>827,018</u>	<u>605,134</u>	<u>551,795</u>
Total Receipts	<u>969,821</u>	<u>716,460</u>	<u>659,752</u>
Disbursements:			
General Government	134,785	105,258	88,707
Public Safety	115,987	108,216	108,946
Public Works	360,807	381,322	379,914
Health	9,205	1,695	2,948
Capital Outlay	72,055	81,643	66,258
Principal Retirement	26,698	26,584	23,487
Interest and Fiscal Charges	18,887	153	
Principal Retirement	<u>3,280</u>	<u>4,805</u>	<u>3,110</u>
Total Disbursements	<u>741,704</u>	<u>709,676</u>	<u>673,370</u>
Increase (Decrease) in Net Assets	228,117	6,784	(13,618)
Net Assets, January 1	<u>66,577</u>	<u>59,793</u>	<u>73,411</u>
Net Assets, December 31	<u>\$294,694</u>	<u>\$66,577</u>	<u>\$59,793</u>

Middleton Township
Management's Discussion and Analysis
For the Year's Ended December 31, 2007 and 2006
Unaudited

Program receipts in 2007 and 2006 represent only 15 percent and 16 percent of total receipts, respectively, and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 85 percent in 2007 and 84 percent in 2006 of the Township's total receipts, and of this amount, over 43 percent in 2007 and 55 percent in 2006 are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of administration and the road department, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

Public Safety expenses are the costs of fire protection; Public Works are the costs of maintaining the roads; Health Services are the services provided by the Columbiana County Health Department; and Debt Services are the payments made to retire outstanding debt of the Township.

Governmental Activities

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works, which account for 18 and 49 percent of all governmental disbursements, respectively, in 2007 and 15 and 53 percent of all governmental disbursements, respectively, in 2006. General government also represents a significant cost, about 18 percent. The next two columns of the statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
General Government	\$134,785	\$134,785	\$105,258	\$105,258
Public Safety	115,987	115,987	108,216	108,216
Public Works	360,807	360,807	381,322	381,322
Health	9,205	9,205	1,695	1,695
Other	18,887	18,887	153	153
Capital Outlay	72,055	72,055	81,643	81,643
Principal Retirement	26,698	26,698	26,584	26,584
Interest and Fiscal Charges	3,280	3,280	4,805	4,805
Total Expenses	<u>\$741,704</u>	<u>\$741,704</u>	<u>\$709,676</u>	<u>\$709,676</u>

The dependence upon property tax receipts is apparent as over 48 percent in 2007 and 46 percent in 2006 of governmental activities are supported through these general receipts.

Middleton Township
Management's Discussion and Analysis
For the Year's Ended December 31, 2007 and 2006
Unaudited

The Township's Funds

In 2007, total governmental funds had receipts of \$965,320 and disbursements of \$741,704. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased by \$2,322 as the result of increased inheritance tax for 2007, which was the largest ever received by the Township and the largest on record in the last ten years for any Township in Columbiana County. Of the inheritance tax received, \$54,055 was used to purchase a new backhoe and \$235,400 was placed into capital funds for future purchase(s) of equipment and to purchase a storage building and two lots adjacent to the current township garage. Property tax receipts were approximately 10 percent in levy funds.

It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers some of these reductions have already been implemented for 2007 including cuts in public works expenditures. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if growth in property taxes remains stagnant.

In 2006, total governmental funds had receipts of \$598,499 and disbursements of \$591,714. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$10,671 as the result of increased costs for salaries and benefits and not achieving anticipated growth in property tax receipts.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007 and 2006, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were higher than the original budgeted receipts due to unexpected local government tax receipts, C & D Landfill tipping fees, and, in 2007, inheritance tax being received. The difference between final budgeted receipts and actual receipts was not significant.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2007, the Township's outstanding debt included a balance of \$21,353 on a mortgage at Sky Bank for the purchase of a 2005 John Deere tractor and Motrim mower. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements. In September 2007 Sky Bank merged and became Huntington National Bank.

At December 31, 2006, the Townships outstanding debt included \$34,561 on a mortgage at Sky Bank for the purchase of a 2004 International truck and \$45, 809 on a mortgage at Sky Bank for the purchase of a 2005 John Deere tractor and Motrim mower. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

Middleton Township
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a deficit for 2008; therefore, the finance committee and the administration implemented a strategy to delay the deficit. This plan became effective for 2007. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. We have reduced planned road repairs and maintenance and have also reduced staffing levels in areas where we felt it would have the least impact on services. All departments have been asked to reduce their spending for supplies by 10-20 percent.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Robert Chapman, Middleton Township Fiscal Officer, P.O. Box 295, Negley, Ohio 44441-0295.

**MIDDLETON TOWNSHIP
STATEMENT OF NET ASSETS - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	Governmental Activities	
	2007	2006
ASSETS		
Equity in Pooled Cash and Cash Equivalents	\$294,693	\$66,577
Total Assets	\$294,693	\$66,577
NET ASSETS		
Restricted for:		
Capital Projects	\$245,607	\$22,599
Debt Service		83
Permanent	2,736	5,565
Other Purposes	32,256	26,558
Unrestricted	14,094	11,772
Total Net Assets	\$294,693	\$66,577

See accompanying notes to the basic financial statements.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Cash</u> <u>Disbursements</u>	<u>Program</u> <u>Cash Receipts</u> <u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Net (Disbursements) Receipts</u> <u>and Changes in Net Assets</u> <u>Governmental</u> <u>Activities</u>	<u>Total</u>
GOVERNMENTAL ACTIVITIES				
General Government	\$106,340		(\$106,340)	(\$106,340)
Public Safety	111,218		(111,218)	(111,218)
Public Works	409,174	\$120,436	(288,738)	(288,738)
Other	6,386		(6,386)	(6,386)
Capital Outlay	78,608		(78,608)	(78,608)
Debt Service:	39,978		(39,978)	(39,978)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Governmental Activities	<u>\$751,704</u>	<u>\$120,436</u>	<u>(631,268)</u>	<u>(631,268)</u>
GENERAL RECEIPTS				
Property Taxes			344,256	344,256
Other Taxes			9,897	9,897
Grants Entitlements not Restricted to Specific Programs			491,659	491,659
Interest			627	627
Miscellaneous			12,945	12,945
			<u> </u>	<u> </u>
Total General Receipts			<u>859,384</u>	<u>859,384</u>
Change in Net Assets			228,116	228,116
Net Assets Beginning of Year			<u>66,577</u>	<u>66,577</u>
Net Assets End of Year			<u>\$294,693</u>	<u>\$294,693</u>

See accompanying notes to the basic financial statements.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities	Total
GOVERNMENTAL ACTIVITIES				
General Government	\$105,258		(\$105,258)	(\$105,258)
Public Safety	108,216		(108,216)	(108,216)
Public Works	381,322	\$117,962	(263,360)	(263,360)
Health	1,695		(1,695)	(1,695)
Other	153		(153)	(153)
Capital Outlay	81,643		(81,643)	(81,643)
Debt Service:	31,389		(31,389)	(31,389)
	<u>31,389</u>		<u>(31,389)</u>	<u>(31,389)</u>
Total Governmental Activities	<u><u>\$709,676</u></u>	<u><u>\$117,962</u></u>	<u><u>(591,714)</u></u>	<u><u>(591,714)</u></u>
GENERAL RECEIPTS				
Property Taxes			331,167	331,167
Other Taxes			8,752	8,752
Grants Entitlements not Restricted to Specific Programs			228,475	228,475
Sale of Capital Assets			21,700	21,700
Interest			361	361
Miscellaneous			8,045	8,045
			<u>8,045</u>	<u>8,045</u>
Total General Receipts			<u>598,500</u>	<u>598,500</u>
Change in Net Assets			6,786	6,786
Net Assets Beginning of Year			<u>59,793</u>	<u>59,793</u>
Net Assets End of Year			<u><u>\$66,579</u></u>	<u><u>\$66,579</u></u>

See accompanying notes to the basic financial statements.

MIDDLETON TOWNSHIP
COLUMBIANA COUNTY

STATEMENT CASH BASIS ASSETS AND FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Gas Tax Fund	Road & Bridge Fund	Road '98 Special Levy Fund	Fire Special Levy Fund	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS								
Equity in Pooled Cash and Cash Equivalents	\$14,094	\$6	\$12,096	\$414	\$11,295	\$200,000	\$56,788	\$294,693
Total Assets	\$14,094	\$6	\$12,096	\$414	\$11,295	\$200,000	\$56,788	\$294,693
FUND BALANCES								
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	\$14,094							\$14,094
Special Revenue Funds		\$6	\$12,096	\$414	\$11,295		\$11,008	34,819
Capital Projects Funds						\$200,000	39,996	239,996
Permanent Fund							5,784	5,784
Total Fund Balances	\$14,094	\$6	\$12,096	\$414	\$11,295	\$200,000	\$56,788	\$294,693

See accompanying notes to the basic financial statements.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**STATEMENT CASH BASIS ASSETS AND FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Gas Tax Fund	Road & Bridge Fund	Road '98 Special Levy Fund	Fire Special Levy Fund	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS								
Equity in Pooled Cash and Cash Equivalents	\$11,772	\$6	\$8,314	\$10	\$12,749	\$21,388	\$7,838	\$62,077
Investments							4,500	4,500
Total Assets	<u>\$11,772</u>	<u>\$6</u>	<u>\$8,314</u>	<u>\$10</u>	<u>\$12,749</u>	<u>\$21,388</u>	<u>\$12,338</u>	<u>\$66,577</u>
FUND BALANCES								
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	\$11,772							\$11,772
Special Revenue Funds		\$6	\$8,314	\$10	\$12,749		\$5,480	26,559
Debt Service							\$83	
Capital Projects Funds						\$21,388	1,210	22,598
Permanent Fund							5,565	5,565
Total Fund Balances	<u>\$11,772</u>	<u>\$6</u>	<u>\$8,314</u>	<u>\$10</u>	<u>\$12,749</u>	<u>\$21,388</u>	<u>\$12,338</u>	<u>\$66,577</u>

See accompanying notes to the basic financial statements.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**STATEMENT CASH RECEIPTS, DISBURSEMENTS, AND CHANGES,
IN CASH BASIS FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Gas Tax Fund	Road & Bridge Fund	Road '98 Special Levy Fund	Fire Special Levy Fund	Permanent Improvement	Other Governmental Funds	Total
RECEIPTS:								
Property and Other Local Taxes	\$25,686		\$105,574	\$71,586	\$98,676		\$52,630	\$354,152
Intergovernmental	439,866	\$92,921	12,734	8,098	10,994		37,483	602,096
Interest	390	8					230	628
Other	8,904	45	2,855	1,046	95			12,945
Total Receipts	474,846	92,974	121,163	80,730	109,765		90,343	969,821
DISBURSEMENTS:								
Current:								
General Government	106,340							106,340
Public Safety					111,218			111,218
Public Works	51,317	92,974	110,281	73,415			81,187	409,174
Capital Outlay	57,655		2,100	850			18,003	78,608
Debt Service:								
Principal Retirement	14,348		4,000	6,058			2,291	26,697
Interest and Fiscal Charges	1,078		1,000	2			1,200	3,280
Total Disbursements	230,738	92,974	117,381	80,325	111,218		102,681	735,317
Excess Receipts Over/(Under) Disbursements	244,108		3,782	405	(1,453)		(12,338)	234,504
OTHER FINANCING SOURCES (USES)								
Transfers-In						\$200,000	35,400	235,400
Transfers-Out	(235,400)							(235,400)
Other Financing Uses	(6,387)							(6,387)
Total Other Financing Sources (Uses)	(241,787)					200,000	35,400	(6,387)
Net Change in Fund Balances	2,321		3,782	405	(1,453)	200,000	23,062	228,117
Fund Balances Beginning of Year	11,772	6	8,314	10	12,749		33,726	66,577
FUND BALANCES END OF YEAR	\$14,093	\$6	\$12,096	\$415	\$11,296	\$200,000	\$56,788	\$294,694

See accompanying notes to the basic financial statements

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**STATEMENT CASH RECEIPTS, DISBURSEMENTS, AND CHANGES,
IN CASH BASIS FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Gas Tax Fund	Road & Bridge Fund	Road '98 Special Levy Fund	Fire Special Levy Fund	Permanent Improvement	Other Governmental Funds	Total
RECEIPTS:								
Property and Other Local Taxes	\$24,284		\$97,306	\$63,686	\$94,508		\$60,134	\$339,918
Intergovernmental	111,615	\$90,011	12,665	8,031	10,904		113,212	346,438
Interest	235	8					117	360
Other	6,053		1,654		50		288	8,045
Total Receipts	142,187	90,019	111,625	71,717	105,462		173,751	694,761
DISBURSEMENTS:								
Current:								
General Government	105,258							105,258
Public Safety					108,216			108,216
Public Works	21,713	88,417	122,111	71,716			77,365	381,322
Health	750						945	1,695
Other							153	153
Capital Outlay	2,000	1,600				\$1,790	76,253	81,643
Debt Service:								
Principal Retirement							24,222	24,222
Interest and Fiscal Charges							7,167	7,167
Total Disbursements	129,721	90,017	122,111	71,716	108,216	1,790	186,105	709,676
Excess Receipts Over/(Under) Disbursements	12,466	2	(10,486)	1	(2,754)	(1,790)	(12,354)	(14,915)
OTHER FINANCING SOURCES (USES)								
Sale of Capital Assets						21,700		21,700
Transfers-In			10,431				15,963	26,394
Transfers-Out	(15,964)						(10,431)	(26,395)
Total Other Financing Sources (Uses)	(15,964)		10,431			21,700	5,532	21,699
Net Change in Fund Balances	(3,498)	2	(55)	1	(2,754)	19,910	(6,822)	6,784
Fund Balances Beginning of Year	15,270	4	8,369	9	15,503	1,479	19,159	59,793
FUND BALANCES END OF YEAR	\$11,772	\$6	\$8,314	\$10	\$12,749	\$21,389	\$12,337	\$66,577

See accompanying notes to the basic financial statements.

MIDDLETON TOWNSHIP
COLUMBIANA COUNTY

STATEMENT CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND
BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
RECEIPTS:				
Property and Other Local Taxes	\$23,437	\$26,054	\$25,686	(\$368)
Intergovernmental	97,100	440,355	439,867	(488)
Interest	300	327	390	63
Others	4,066	8,901	8,904	3
Total Receipts	124,903	475,637	474,847	(790)
DISBURSEMENTS:				
Current:				
General Government	98,650	107,375	106,340	1,035
Public Works	9,500	51,616	51,317	299
Health	525			525
Capital Outlay	5,000	57,655	57,655	
Debt Service:				
Principal Retirement	20,000	14,348	14,348	
Interest and Fiscal Charges	2,000	2,000	1,078	922
Total Disbursements	135,675	232,994	230,738	2,256
Excess Receipts Over/(Under) Disbursements	(10,772)	242,643	244,109	1,466
OTHER FINANCING SOURCES (USES)				
Transfers-Out		(235,400)	(235,400)	
Other Financing Uses	(1,000)	(6,387)	(6,387)	
Total Other Financing Sources (Uses)	(1,000)	(241,787)	(241,787)	
Net Change in Fund Balances	(11,772)	856	2,322	1,466
Fund Balance Beginning of Year	11,772	11,772	11,772	
FUND BALANCE END OF YEAR		\$12,628	\$14,094	\$1,466

See accompanying notes to the basic financial statements.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**STATEMENT CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND
BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
RECEIPTS:				
Property and Other Taxes	\$96,600	\$106,620	\$105,574	(\$1,046)
Intergovernmental	11,000	12,734	12,734	
Other	1,246	1,355	2,855	1,500
Total Receipts	<u>108,846</u>	<u>120,709</u>	<u>121,163</u>	<u>454</u>
DISBURSEMENTS:				
Current:				
Public Works	112,160	114,060	110,281	(3,779)
Capital Outlay	5,000	3,100	2,100	(1,000)
Debt Service:				
Principal Retirement	4,000	4,000	4,000	
Interest and Fiscal Charges	1,000	1,000	1,000	
Total Disbursements	<u>122,160</u>	<u>122,160</u>	<u>117,381</u>	<u>(4,779)</u>
Excess Receipts Over/(Under) Disbursements	(13,314)	(1,451)	3,782	5,233
Fund Balance Beginning of Year	<u>8,314</u>	<u>8,314</u>	<u>8,314</u>	
FUND BALANCE END OF YEAR	<u><u>(\$5,000)</u></u>	<u><u>\$6,863</u></u>	<u><u>\$12,096</u></u>	<u><u>\$5,233</u></u>

See accompanying notes to the basic financial statements.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**STATEMENT CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND
BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budget Amounts			Variance with Final Budget (Negative)
	Original	Final	Actual	
RECEIPTS:				
Intergovernmental	\$71,621	\$92,921	\$92,921	
Interest	5	8	8	
Other		45	45	
	71,626	92,974	92,974	
Total Receipts				
DISBURSEMENTS:				
Current:				
Public Works	68,131	92,974	92,974	
Capital Outlay	1,000			
Debt Service:				
Principal Retirement	2,000			
Interest and Fiscal Charges	500			
	71,631	92,974	92,974	
Total Disbursements				
Excess Receipts Over/(Under) Disbursements	(5)			
Fund Balance Beginning of Year	6	6	6	
FUND BALANCE END OF YEAR	\$1	\$6	\$6	

See accompanying notes to the basic financial statements.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**STATEMENT CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND
BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
ROAD LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
RECEIPTS:				
Property and Other Taxes	\$65,000	\$72,085	\$71,586	(\$499)
Intergovernmental	4,500	8,098	8,098	
Other	967	1,045	1,045	
	<u>70,467</u>	<u>81,228</u>	<u>80,729</u>	<u>(499)</u>
DISBURSEMENTS:				
Current:				
Public Works	64,477	73,830	73,415	(415)
Capital Outlay	1,000	850	850	
Debt Service:				
Principal Retirement	8,000	6,058	6,058	
Interest and Fiscal Charges	2,000	2	2	
	<u>75,477</u>	<u>80,740</u>	<u>80,325</u>	<u>(415)</u>
Excess Receipts Over/(Under) Disbursements	(5,010)	488	404	(84)
Fund Balance Beginning of Year	10	10	10	
FUND BALANCE END OF YEAR	<u>(\$5,000)</u>	<u>\$498</u>	<u>\$414</u>	<u>(\$84)</u>

See accompanying notes to the basic financial statements.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**STATEMENT CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND
BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budget Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
RECEIPTS:				
Property and Other Taxes	93,200	100,626	98,675	(1,951)
Intergovernmental	10,000	10,994	10,994	
Other	38	95	95	
	<u>103,238</u>	<u>111,715</u>	<u>109,764</u>	<u>(1,951)</u>
Total Receipts				
DISBURSEMENTS:				
Current:				
Public Safety	115,987	115,987	111,218	(4,769)
	<u>115,987</u>	<u>115,987</u>	<u>111,218</u>	<u>(4,769)</u>
Total Disbursements				
Excess Receipts Over/(Under) Disbursements	(12,749)	(4,272)	(1,454)	2,818
Fund Balance Beginning of Year	12,749	12,749	12,749	
FUND BALANCE END OF YEAR	<u><u> </u></u>	<u><u>\$8,477</u></u>	<u><u>\$11,295</u></u>	<u><u>\$2,818</u></u>

See accompanying notes to the basic financial statements.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**STATEMENT CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND
BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	(Negative)
RECEIPTS:				
Property and Other Taxes	\$25,416	\$25,416	\$24,284	(\$1,132)
Intergovernmental	86,902	111,861	111,615	(246)
Interest	200	213	235	22
Others	6,000	6,053	6,053	
Total Receipts	118,518	143,543	142,187	(1,356)
DISBURSEMENTS:				
Current:				
General Government	99,516	108,901	105,258	3,643
Public Works	9,500	25,501	21,713	3,788
Health		1,391	750	641
Capital Outlay	3,057	2,457	2,000	457
Total Disbursements	112,073	138,250	129,721	8,529
Excess Receipts Over/(Under) Disbursements	6,445	5,293	12,466	7,173
OTHER FINANCING SOURCES (USES)				
Transfers-Out	(3,500)	(15,964)	(15,964)	
Total Other Financing Sources (Uses)	(3,500)	(15,964)	(15,964)	
Net Change in Fund Balances	2,945	(10,671)	(3,498)	7,173
Fund Balance Beginning of Year	15,254	15,254	15,254	
Prior Year Encumbrances Appropriated	16	16	16	
FUND BALANCE END OF YEAR	\$18,215	\$4,599	\$11,772	\$7,173

See accompanying notes to the basic financial statements.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**STATEMENT CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND
BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
RECEIPTS:				
Property and Other Taxes	\$98,502	\$98,502	\$97,306	(\$1,196)
Intergovernmental	13,000	13,000	12,665	(335)
Other	2,000	2,000	1,654	(346)
	<u>113,502</u>	<u>113,502</u>	<u>111,625</u>	<u>(1,877)</u>
Total Receipts				
DISBURSEMENTS:				
Current:				
Public Works	120,896	131,659	122,111	(9,548)
Capital Outlay	4,900			
	<u>125,796</u>	<u>131,659</u>	<u>122,111</u>	<u>(9,548)</u>
Total Disbursements				
Excess Receipts Over/(Under) Disbursements	<u>(12,294)</u>	<u>(18,157)</u>	<u>(10,486)</u>	<u>7,671</u>
OTHER FINANCING SOURCES (USES)				
Transfers-In	4,568	4,568	10,431	5,863
Net Change in Fund Balances	(7,726)	(13,589)	(55)	13,534
Fund Balance Beginning of Year	8,173	8,173	8,173	
Prior Year Encumbrances Appropriated	196	196	196	
FUND BALANCE END OF YEAR	<u>\$643</u>	<u>(\$5,220)</u>	<u>\$8,314</u>	<u>\$13,534</u>

See accompanying notes to the basic financial statements.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**STATEMENT CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND
BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
RECEIPTS:				
Intergovernmental	\$70,900	\$90,011	\$90,011	
Interest	17	17	8	(\$9)
Total Receipts	70,917	90,028	90,019	(9)
DISBURSEMENTS:				
Current:				
Public Works	68,916	88,418	88,417	(1)
Capital Outlay	2,000	1,600	1,600	
Total Disbursements	70,916	90,018	90,017	(1)
Excess Receipts Over/(Under) Disbursements	1	10	2	(8)
Fund Balance Beginning of Year	4	4	4	
FUND BALANCE END OF YEAR	\$5	\$14	\$6	(\$8)

See accompanying notes to the basic financial statements.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**STATEMENT CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND
BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
ROAD LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budget Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
RECEIPTS:				
Property and Other Taxes	\$62,500	\$62,500	\$63,686	\$1,186
Intergovernmental	8,000	8,000	8,031	31
Other	427	427		(427)
	<u>70,927</u>	<u>70,927</u>	<u>71,717</u>	<u>790</u>
DISBURSEMENTS:				
Current:				
Public Works	70,936	71,717	71,716	(1)
	<u>70,936</u>	<u>71,717</u>	<u>71,716</u>	<u>(1)</u>
Excess Receipts Over/(Under) Disbursements	(9)	(790)	1	791
Fund Balance Beginning of Year	9	9	9	
FUND BALANCE END OF YEAR	<u><u> </u></u>	<u><u>(\$781)</u></u>	<u><u> \$10</u></u>	<u><u> \$791</u></u>

See accompanying notes to the basic financial statements.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**STATEMENT CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND
BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budget Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
RECEIPTS:				
Property and Other Taxes	\$90,500	\$90,500	\$94,508	\$4,008
Intergovernmental	10,000	10,000	10,904	904
Other	732	732	50	(682)
Total Receipts	<u>101,232</u>	<u>101,232</u>	<u>105,462</u>	<u>4,230</u>
DISBURSEMENTS:				
Current:				
Public Safety	<u>116,734</u>	<u>116,734</u>	<u>108,216</u>	<u>(8,518)</u>
Total Disbursements	<u>116,734</u>	<u>116,734</u>	<u>108,216</u>	<u>(8,518)</u>
Excess Receipts Over/(Under) Disbursements	(15,502)	(15,502)	(2,754)	12,748
Fund Balance Beginning of Year	<u>15,503</u>	<u>15,503</u>	<u>15,503</u>	
FUND BALANCE END OF YEAR	<u><u>\$1</u></u>	<u><u>\$1</u></u>	<u><u>\$12,749</u></u>	<u><u>\$12,748</u></u>

See accompanying notes to the basic financial statements.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

1. REPORTING ENTITY

Middleton Township, Columbiana County, Ohio (the Township), is a body politic and corporate established in the 1800's 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 also has an elected Township Clerk.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. PRIMARY GOVERNMENT

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Negley Volunteer Fire Department for fire protection. Police protection is provided by the County Sheriff.

B. COMPONENT UNITS

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, taxexempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. Middleton Township does not have any component units.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Township's accounting policies. The Township has no proprietary funds or business type activities.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. BASIS OF PRESENTATION

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business type activities.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. FUND ACCOUNTING

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories, governmental and permanent.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUND ACCOUNTING (continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's five major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Road '98 Special Levy Fund and Fire Special Levy Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax Fund is for the receipt of all gasoline tax received from the State of Ohio. Receipts may be used for the repair, reconstruction and construction of roads, labor, and road equipment purchases, etc. Road and Bridge Fund is a portion of the inside millage real property taxes and may be used for the construction, reconstruction, resurfacing and repair of roads and bridges. The Road '98 Special Levy Fund is for the two (2) mills voted outside millage used for road repairs and equipment purchases along with wages. Fire Special Levy Fund is three (3) mills voted outside millage used to contract for fire protection for the residents of the Township.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Permanent Funds

Permanent funds include pension trust funds, investment trust funds and private purpose trust funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund accounts for programs that involve Cemetery Bequest Funds, (e.g. certificates of deposit). Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township's agency fund accounts for fire loss held for removal of burnt property and road bonds held for the repair of township roads should they be damaged by logging, construction, etc.

C. BASIS OF ACCOUNTING

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETARY PROCESS

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the department, division, and office level for all funds with personal services for each.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. CASH AND INVESTMENTS

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalentents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts (contra revenue), respectively.

During 2007 and 2006, the Township invested in nonnegotiable certificates of deposit.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$390 and in 2006 was \$235.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. RESTRICTED ASSETS

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent any funds left in the Bond Retirement Fund.

G. INVENTORY AND PREPAID ITEMS

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. CAPITAL ASSETS

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

I. ACCUMULATED LEAVE

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

J. EMPLOYER CONTRIBUTIONS TO COST-SHARING PENSION PLANS

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Note 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. LONG-TERM OBLIGATIONS

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

L. NET ASSETS

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. FUND BALANCE RESERVES

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, gasoline tax fund, road & bridge fund, road '98 special levy fund and fire special levy fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at December 31, 2007 and 2006 (budgetary basis) amounted to \$ ZERO for the general fund and \$ ZERO for major special revenue funds.

4. DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

4. DEPOSITS AND INVESTMENTS (continued)

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Township had no undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2006 none of the Township's bank balance was exposed to custodial credit risk. At December 31, 2007 the Township's had \$194,694 in deposits that were insured and collateralized with securities held by the pledging financial institution's trust department or agent.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2007, the Township had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Certificate of deposit	\$4,000	12 months
Certificate of deposit	<u>500</u>	11 months
Total Portfolio	<u><u>\$4,500</u></u>	

Interest rate risk arises because the fair value of investments changes as interest rates change.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

5. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 property taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Real property tax receipts received in 2006 represent the collection of 2005 property taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006 and are collected with real property taxes. Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005 and are collected with real property taxes. Public property is assessed at 35 percent of true value, public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 and 2006 (other than public utility property) represent the collection of 2007 and 2006 taxes, respectively. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property taxes received in 2006 were levied after October 1, 2005 on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the years ended December 31, 2007 and 2006, was \$9.70 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

Real property	
Residential	\$31,105,536
Agricultural	\$13,330,944
Commercial-industrial-mineral	\$1,696,590
Tangible personal property	\$1,252,560
Business public utility	\$3,130,770
Total assessed value	<u>\$50,516,400</u>

6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

6. RISK MANAGEMENT (continued)

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Cincinnati Insurance	Commercial Property	\$500,000
	General Liability	1,000,000
	Commercial Crime	N/A
	Inland Marine Vehicle	230,000
	Errors and Omissions	500,000
Scottsdale Insurance		See above

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

The Township provides hospitalization and dental insurance for all full-time road department employees and the trustees, if trustees choose to accept coverage.

7. DEFINED PENSION PLANS

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multi-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus and investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor, and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377,

The members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10 percent in 2007 and 9 percent in 2006 of their annual covered salaries. The Township's pension contributions were 14 percent in 2007 and 13.7 percent in 2006 of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions. The Township has paid all contributions to OPERS required through December 31, 2007.

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

8. POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement healthcare coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Healthcare coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement healthcare coverage. The healthcare coverage provided by the retirement system is considered an Other Postretirement Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement healthcare based on authority granted by State statute.

Benefits are advance funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2007, include rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Healthcare premiums were assumed to increase between 1 and 6 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation or investment assets annually.

The number of active contributing participants in the traditional and combined plans was seven.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP), with an effective date of January 1, 2007. The HCPP restructures OPERS' healthcare coverage to improve the financial solvency of the fund in response to increasing healthcare costs.

9. DEBT

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Balance</u>			<u>Balance</u>		<u>Due</u>
		<u>December 31, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2006</u>	<u>Within One Year</u>	
2003 Note - truck	4.35%	\$34,562		\$13,208	\$21,353	\$15,029	
2005 John Deere Tractor/Mower	5.07%	45,809		12,266	33,544	12,904	
		<u>\$80,371</u>		<u>\$25,474</u>	<u>\$54,897</u>	<u>\$27,933</u>	

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Balance</u>			<u>Balance</u>		<u>Due</u>
		<u>December 31, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2006</u>	<u>Within One Year</u>	
2003 Note - truck	4.35%	\$48,347		\$13,765	\$34,562	\$14,384	
2005 John Deere Tractor/Mower	5.07%	57,469		11,660	45,809	12,269	
		<u>\$105,816</u>		<u>\$25,425</u>	<u>\$80,371</u>	<u>\$26,653</u>	

**MIDDLETON TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

9. DEBT (continued)

The following is a summary of the Township's future annual debt service requirements.

Year	G. O. Bonds		
	Principal	Interest	Payments
2008	\$27,933	\$2,155	\$30,088
2009	18,728	935	19,663
2010	8,236	181	8,417
Totals	<u>\$54,897</u>	<u>\$3,271</u>	<u>\$58,168</u>

The last annual payment for the purchase of a John Deere Tractor/Motrim Mower is in 2010 and the last payment for the purchase of the International Truck is in 2009.

10. INTERFUND TRANSFERS

During 2007 the following transfers were made: Transfers from the General Fund to Fund 4303-Permanent Improvement-Purchase of Equipment. The reason for the transfer was an unusually large inheritance that was received in 2007. The fiscal officer transferred \$200,000 and placed these funds in a separate fund to allow the Township to purchase road equipment in the future without having to secure a loan to purchase road equipment in the future without having to secure a loan to purchase the equipment. Funds in the amount of \$35,400 were transferred to Fund 4901-BLUM Property Purchase from the General Fund. These funds were also as a result of the inheritance tax settlement for 2007 and were placed into a separate fund to purchase the property adjacent to the current Township Garage. By setting the funds aside for payment of the property, this insures future Township Boards will not have to worry where the funds will come from to make the annual payments.

During 2006 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	\$15,964
From FEMA to other funds	<u>10,431</u>
Total Transfers	<u>\$26,395</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorizations. Transfer of funds from the FEMA Fund to various other funds were made when all FEMA projects were completed by the Township.

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KNOX & KNOX

Accountants and Consultants

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

Middleton Township
Columbiana County
P.O. Box 295
Negley, Ohio 44441-0295

To the Board of Trustees:

We have audited the accompanying financial statements of Middleton Township, Ohio (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 18, 2008, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we noted other matters that we reported to the Township in a separate letter dated July 18, 2008.

COMPLIANCE AND OTHER MATTERS

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

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

KNOX & KNOX

Orrville, Ohio
July 18, 2008



Mary Taylor, CPA
Auditor of State

MIDDLETON TOWNSHIP

COLUMBIANA 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
NOVEMBER 6, 2008**