



Mary Taylor, CPA
Auditor of State

MIDDLETON TOWNSHIP
WOOD COUNTY

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Mary Taylor, CPA
Auditor of State

Middleton Township
Wood County
114 Sugar Street, P.O. Box 206
Haskins, Ohio 43525-0206

To the Board of Trustees:

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 28, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Middleton Township
Wood County
114 Sugar Street, P.O. Box 206
Haskins, Ohio 43525-0206

To the Board of Trustees:

We have audited the accompanying financial statements of Middleton Township, Wood County, (the Township) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township

has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Middleton Township, Wood County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

June 28, 2010

**MIDDLETON TOWNSHIP
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$143,918	\$906,620	\$56,680	\$1,107,218
Charges for Services		62,805		62,805
Licenses, Permits, and Fees	32,329			32,329
Intergovernmental	327,107	274,063	160,980	762,150
Special Assessments		81,700		81,700
Earnings on Investments	47,592			47,592
Miscellaneous	410	21,322		21,732
	<u>551,356</u>	<u>1,346,510</u>	<u>217,660</u>	<u>2,115,526</u>
Total Cash Receipts				
	<u>551,356</u>	<u>1,346,510</u>	<u>217,660</u>	<u>2,115,526</u>
Cash Disbursements:				
Current:				
General Government	249,071	2,066		251,137
Public Safety		564,105	3,622	567,727
Public Works		249,211		249,211
Health	17,710			17,710
Capital Outlay	409,723	504,508	271,922	1,186,153
	<u>676,504</u>	<u>1,319,890</u>	<u>275,544</u>	<u>2,271,938</u>
Total Cash Disbursements				
	<u>676,504</u>	<u>1,319,890</u>	<u>275,544</u>	<u>2,271,938</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(125,148)</u>	<u>26,620</u>	<u>(57,884)</u>	<u>(156,412)</u>
Other Financing Receipts / (Disbursements):				
Refund of Prior Year Expenses		9,609		9,609
Advances-In		39,266		39,266
Advances-Out	(39,266)			(39,266)
Other Financing Sources	816	54,898		55,714
Insurance Proceeds			97,127	97,127
	<u>(38,450)</u>	<u>103,773</u>	<u>97,127</u>	<u>162,450</u>
Total Other Financing Receipts / (Disbursements)				
	<u>(38,450)</u>	<u>103,773</u>	<u>97,127</u>	<u>162,450</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	<u>(163,598)</u>	<u>130,393</u>	<u>39,243</u>	<u>6,038</u>
Fund Cash Balances, January 1	<u>864,760</u>	<u>1,576,134</u>	<u>14,634</u>	<u>2,455,528</u>
Fund Cash Balances, December 31	<u><u>\$701,162</u></u>	<u><u>\$1,706,527</u></u>	<u><u>\$53,877</u></u>	<u><u>\$2,461,566</u></u>
Reserve for Encumbrances, December 31	<u><u>\$99</u></u>	<u><u>\$2,723</u></u>		<u><u>\$2,822</u></u>

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

**MIDDLETON TOWNSHIP
WOOD COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$140,116	\$844,537	\$46,868	\$1,031,521
Charges for Services		20,069		20,069
Licenses, Permits, and Fees	37,576			37,576
Intergovernmental	308,851	263,353	6,614	578,818
Special Assessments		47,933		47,933
Earnings on Investments	55,168	951		56,119
Miscellaneous	64	3,222	2,688	5,974
	<u>541,775</u>	<u>1,180,065</u>	<u>56,170</u>	<u>1,778,010</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	233,605			233,605
Public Safety		551,428	10,171	561,599
Public Works		312,418		312,418
Health	16,665			16,665
Capital Outlay		639,454	252,983	1,145,420
	<u>250,270</u>	<u>1,503,300</u>	<u>263,154</u>	<u>2,269,707</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>291,505</u>	<u>(323,235)</u>	<u>(206,984)</u>	<u>(238,714)</u>
Other Financing Receipts / (Disbursements):				
Refund of Prior Year Expenses	1,089	7,922		9,011
Sale of Fixed Assets			3,000	3,000
Advances-In	2,500	32,306		34,806
Advances-Out	(32,307)	(2,500)		(34,807)
Insurance Proceeds			119,500	119,500
	<u>(28,718)</u>	<u>37,728</u>	<u>122,500</u>	<u>131,510</u>
Total Other Financing Receipts / (Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	<u>262,787</u>	<u>(285,507)</u>	<u>(84,484)</u>	<u>(107,204)</u>
Fund Cash Balances, January 1	<u>601,973</u>	<u>1,861,641</u>	<u>99,118</u>	<u>2,562,732</u>
Fund Cash Balances, December 31	<u>\$864,760</u>	<u>\$1,576,134</u>	<u>\$14,634</u>	<u>\$2,455,528</u>
Reserve for Encumbrances, December 31		<u>\$1,285</u>		<u>\$1,285</u>

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

**MIDDLETON TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

B. Accounting Basis

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

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

C. Cash

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

The Township values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

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

**MIDDLETON TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

2. Special Revenue Funds

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

Road Special Levy Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

EMS Special Levy Fund - This fund receives property tax money for providing EMS services for the Township.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Funds

Ohio Public Works Commission Fund - The Township received a grant from the Ohio Public Works Commission for the resurfacing of roads.

Fire Equipment Fund - The Township receives property tax money for purchasing fire equipment for the Township.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

**MIDDLETON TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. Equity in Pooled Deposits

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

	2009	2008
Demand deposits	\$1,153,722	\$948,901
Certificates of deposit	1,307,844	1,506,627
Total deposits	\$2,461,566	\$2,455,528

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$333,149	\$552,172	\$219,023
Special Revenue	1,279,885	1,411,017	131,132
Capital Projects	70,171	314,787	244,616
Total	\$1,683,205	\$2,277,976	\$594,771

**MIDDLETON TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,197,275	\$676,603	\$520,672
Special Revenue	2,854,209	1,322,613	1,531,596
Capital Projects	237,741	275,544	(37,803)
Total	\$4,289,225	\$2,274,760	\$2,014,465

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$328,706	\$542,864	\$214,158
Special Revenue	1,162,084	1,187,987	25,903
Capital Projects	54,363	178,670	124,307
Total	\$1,545,153	\$1,909,521	\$364,368

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$930,966	\$250,270	\$680,696
Special Revenue	3,206,900	1,504,585	1,702,315
Capital Projects	277,047	263,154	13,893
Total	\$4,414,913	\$2,018,009	\$2,396,904

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Gas Tax Fund and Fire Equipment Fund by \$15,758 and \$37,803 respectively for the year ended December 31, 2009. Expenditures exceeded appropriation authority in the Saddlebrook Special Assessment Fund by \$21,931 for the year end December 31, 2008.

4. Property Tax

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

Public utilities are also taxed on personal and real property located within the Township.

**MIDDLETON TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. Property Tax (Continued)

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

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

5. Retirement Systems

A. Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

B. Social Security

Effective July 1, 1991, all employees not otherwise covered by the Ohio Public Employees Retirement System had an option to choose Social Security or the Ohio Public Employees Retirement System. Multiple Firemen of the Township have elected Social Security. The Township's liability is 6.2 percent of wages paid.

6. Risk Management

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

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

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

Casualty and Property Coverage

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

**MIDDLETON TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. Risk Management (Continued)

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

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

Financial Position

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

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

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

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

<u>Contributions to OTARMA</u>	
2007	\$17,374
2008	\$20,065
2009	\$16,292

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



Mary Taylor, CPA

Auditor of State

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

Middleton Township
Wood County
114 Sugar Street, P.O. Box 206
Haskins, Ohio 43525-0206

To the Board of Trustees:

We have audited the financial statements of Middleton Township, Wood County (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 28, 2010 wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Government uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-003 described in the accompanying schedule of findings to be material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items, 2009-001 and 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 28, 2010.

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



Mary Taylor, CPA
Auditor of State

June 28, 2010

**MIDDLETON TOWNSHIP
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Revised Code § 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been lawfully appropriated.

As of December 31, 2009 the Township's expenditures of \$118,520 exceeded appropriations by \$15,758 in the Gasoline Tax Fund, and expenses of \$122,608 exceeded appropriations by \$37,803 in the Capital Projects Fire Equipment Fund. As of December 31, 2008 the Township's expenditures of \$45,913 exceeded appropriations by \$21,931 in the Saddlebrook Special Assessment Fund.

The budgeting process is an essential monitoring control, that when properly used, reduces the possibility of the Township encountering deficit spending. The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2009-002

Finding for Recovery Repaid Under Audit

The Township paid Thayer Ford Nissan twice for the same invoice in the amount of \$1,809.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Thayer Ford Nissan in the amount of \$1,809, and in favor of Middleton Township's Fire Levy Fund.

Thayer Ford Nissan repaid the Township on May 24, 2010.

FINDING NUMBER 2009-003

Material Weakness / Monitoring Financial Statements

Sound financial reporting is the responsibility of the Fiscal Officer and Township Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The fiscal year 2009 and 2008 financial statements contained material errors, such as the following:

- Ohio Public Works Commission grant in the amount of \$152,936 during 2009 was recorded in the Road Levy Fund rather than the Capital Projects Fund as required.
- The 2009 Township financial records reflected rollback and homestead revenues to the Road and Bridge Fund, which should have been posted to the Road Levy Fund in the amount of \$9,202.
- The 2009 Township financial records reflected rollback and homestead revenues in the Taxes line item rather than the Intergovernmental line item in the amounts of \$19,359, \$25,226, \$12,882, \$10,028, \$62,512, and \$7,583 in the General Fund, Road and Bridge Fund, Road Levy Fund, Fire Levy Fund, EMS Levy Fund and Fire Equipment Fund respectively.

- The 2008 Township financial records reflected rollback and homestead revenues in the Taxes line item rather than the Intergovernmental line item in the amounts of \$18,623, \$8,960, \$32,583, \$7,102, \$61,482, and \$6,161 in the General Fund, Road and Bridge Fund, Road Levy Fund, Fire Levy Fund, EMS Levy Fund and Fire Equipment Fund respectively.
- During 2009 the Township received a Fire grant in the amount of \$11,158 which was posted as Other Sources rather than Intergovernmental.
- During 2009 and 2008 Permissive Motor Vehicle License in the amounts of \$22,879 and \$22,134 respectively was posted to Taxes line item rather than Intergovernmental.
- During 2008 the Township sold an asset and reported the proceeds as Other Financing Sources rather than Sale of Fixed Assets.

To ensure the Township's financial statements and notes to the statements are complete and accurate, we recommend the Fiscal Officer post all transactions in accordance with the guidance established by the Uniform Accounting Network issued by the Auditor of State. Furthermore, the Township Trustees should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Trustees, to identify and correct errors and omissions.

**MIDDLETON TOWNSHIP
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	ORC 505.60(C) health care reimbursement.	No	Reissued in management letter.
2007-002	ORC 5705.41(D) certification of expenditures and material unrecorded liabilities.	Yes	
2007-003	ORC 5705.41(B) expenditures exceeding appropriations.	No	Reissued in this report as finding 2009-001.



Mary Taylor, CPA
Auditor of State

MIDDLETON TOWNSHIP

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 13, 2010