

**MILTON TOWNSHIP
ASHLAND COUNTY**

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS FOR THE
YEARS ENDED DECEMBER 31, 1999 AND 2000**

J. E. Slaybaugh & Associates, Inc.
Certified Public Accountant
12 East Main Street
Lexington, Ohio 44904



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398

Trustees of Milton Township
1156 TR 1426
Ashland, Ohio 44805

We have reviewed the Independent Auditor's Report of Milton Township, Ashland County, prepared by J. E. Slaybaugh & Associates, Inc., for the audit period January 1, 1999 to December 31, 2000. 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. Milton Township is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

May 30, 2001

**MILTON TOWNSHIP
ASHLAND COUNTY**

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 2000

Table of Contents

	<u>Page</u>
Elected Officials as of December 31, 2000	(i)
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For The Year Ended December 31, 2000	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For The Year Ended December 31, 1999	3
Notes to the Financial Statements	4 - 9
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10

**MILTON TOWNSHIP
ASHLAND COUNTY**

1156 Township Road 1426
Ashland, Ohio 44805

**ELECTED OFFICIALS
AS OF DECEMBER 31, 2000**

NAME	TITLE	TERM OF OFFICE	SURETY	AMOUNT	PERIOD
Dale R. Hershey	Trustee Chairman 1246 Twp Rd 1253 Ashland, OH 44805	01/01/00-01/01/04	(A)	\$ 1,000	(B)
David H. Braden	Trustee	1/1/98 - 12/31/02	(A)	\$ 1,000	(B)
Elias C. Cline	Trustee	1/1/98 - 12/31/02	(A)	\$ 1,000	(B)
Joan L. Pittenger	Clerk	4/1/00 - 3/31/04	(A)	\$ 5,000	(B)

Statutory Legal Counsel

Robert DeSanto
Ashland County Prosecuting Attorney
307 Orange Street
Ashland, Ohio 44805

- (A) Ohio Risk Management
- (B) Concurrent With Term

J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
Lexington, Ohio 44904*

*Member AICPA
Member OSCPA*

*John E. Slaybaugh III
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT

Trustees of Milton Township
1156 TR 1426
Ashland, Ohio 44805

We have audited the accompanying financial statements for the Milton Township, Ashland County, as of and for the years ended December 31, 1999 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these statements based on our audit.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated April 30, 2001, on our consideration of the Milton Township's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants.

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

J. E. Slaybaugh & Associates, Inc.
J.E. Slaybaugh & Associates, Inc.
Lexington, Ohio
April 30, 2001

**MILTON TOWNSHIP
ASHLAND COUNTY**

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

	General	Special Revenue	Debt Service	(Memorandum Only) Total
CASH RECEIPTS:				
Local Taxes	\$ 30,956	\$ 189,605	\$ 16,000	\$ 236,561
Intergovernmental	38,350	16,177		54,527
Fines, licenses and permits	4,706			4,706
Interest	780	266		1,046
Miscellaneous	57	6		63
Total Cash Receipts	74,849	206,054	16,000	296,903
CASH DISBURSEMENTS:				
Current:				
Public Safety		23,175		23,175
Public Health Services	2,362			2,362
Public Works		193,881		193,881
General Government	60,360			60,360
Capital Outlay	5,779	990		6,769
Debt Service			15,941	15,941
Total Program Disbursements	68,501	218,046	15,941	302,488
Total receipts over/(under) program disbursements	6,348	(11,992)	59	(5,585)
OTHER FINANCING RECEIPTS/(DISBURSEMENTS):				
Other Financing Sources	849			849
Advances Out	(120)			(120)
Advances In		120		120
Total other financing receipts/(disbursements)	729	120		849
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	7,077	(11,872)	59	(4,736)
Fund Cash Balances - January 1, 2000	9,288	36,782	337	46,407
Fund Cash Balances - December 31, 2000	\$ 16,365	\$ 24,910	\$ 396	\$ 41,671

**MILTON TOWNSHIP
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General	Special Revenue	Debt Service	Total
				(Memorandum Only)
CASH RECEIPTS:				
Local Taxes	\$ 25,834	\$ 177,792	\$ 18,000	\$ 221,626
Intergovernmental	31,004	12,648		43,652
Fines, licenses and permits	2,804			2,804
Interest	1,101	213		1,314
Miscellaneous	<u> </u>	<u>3,375</u>	<u> </u>	<u>3,375</u>
Total Cash Receipts	<u>60,743</u>	<u>194,028</u>	<u>18,000</u>	<u>272,771</u>
CASH DISBURSEMENTS:				
Current:				
Public Safety		22,500		22,500
Public Health Services	2,370			2,370
Public Works		167,951		167,951
General Government	66,536			66,536
Capital Outlay	19,899	4,558		24,457
Debt Service	<u> </u>	<u> </u>	<u>16,693</u>	<u>16,693</u>
Total Program Disbursements	<u>88,805</u>	<u>195,009</u>	<u>16,693</u>	<u>300,507</u>
Total receipts over/(under) program disbursements	(28,062)	(981)	1,307	(27,736)
OTHER FINANCING RECEIPTS/(DISBURSEMENTS):				
Other Financing Uses	<u>-</u>	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Total other financing receipts/(disbursements)	<u>-</u>	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(28,062)	(10,981)	1,307	(37,736)
Fund Cash Balances - January 1, 1999	<u>37,350</u>	<u>47,763</u>	<u>(970)</u>	<u>84,143</u>
Fund Cash Balances - December 31, 1999	<u>\$ 9,288</u>	<u>\$ 36,782</u>	<u>\$ 337</u>	<u>\$ 46,407</u>

**MILTON TOWNSHIP
ASHLAND COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Description of the Entity

Milton Township, Ashland County, Milton Township is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township provides general governmental services, including fire protection services and EMS services. The Township contracts with City of Ashland Fire Department for fire protection, emergency and ambulance services. Ashland County Sheriff's department provides security of persons and property but no contract is involved.

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

B. Basis of Accounting

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

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

C. Cash and Investments

The Township maintains a demand deposit account and an investment account with Star Ohio.

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:

General Fund

The general fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

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

Gasoline Tax Fund and Road and Bridge Fund - These funds receive permissive sales tax, gasoline tax and motor vehicle tax money for use in maintaining and repairing Township roads and bridges.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, note indebtedness.

D. Budgetary Process

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

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 Township 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.

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.

Encumbrances

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

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

E. Property, Plant and Equipment

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

F. Unpaid Vacation and Sick Leave

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

2. Equity in Pooled Cash and Investments

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

	<u>2000</u>	<u>1999</u>
Demand Deposits	\$ 41,671	\$ 46,407
Star Ohio	<u>11,025</u>	<u>10,418</u>
Total deposits	<u>\$ 52,696</u>	<u>\$ 56,825</u>

Deposits

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

3. Budgetary Activity

Budgetary activity for the years ending December 31 was as follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 60,087	\$ 75,698	\$ 15,611
Special Revenue	202,755	206,054	3,299
Debt Service	<u>16,000</u>	<u>16,000</u>	<u>-</u>
Total	<u>\$ 278,842</u>	<u>\$ 297,752</u>	<u>\$ 18,910</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 69,376	\$ 68,501	\$ 875
Special Revenue	239,536	218,046	21,490
Debt Service	<u>16,837</u>	<u>15,941</u>	<u>896</u>
Total	<u>\$ 325,749</u>	<u>\$ 302,488</u>	<u>\$ 23,261</u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 56,256	\$ 60,743	\$ 4,487
Special Revenue	211,543	194,028	(17,515)
Debt Service	<u>18,000</u>	<u>18,000</u>	<u>0</u>
Total	<u>\$ 285,799</u>	<u>\$ 272,771</u>	<u>\$(13,028)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 92,907	\$ 88,805	\$ 4,102
Special Revenue	241,324	205,009	36,315
Debt Service	<u>17,030</u>	<u>16,693</u>	<u>337</u>
Total	<u>\$ 351,261</u>	<u>\$ 310,507</u>	<u>\$ 40,754</u>

4. Property Tax

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

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

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

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

5. Debt

Debt outstanding at December 31, 2000 is as follows:

Installment loan	<u>\$ 14,432</u>
------------------	------------------

The installment loan is for the purchase of road equipment. The note is a direct obligation of the Township for which its full faith and credit and resources are pledged.

Amortization of the above debt is scheduled as follows:

Year ending December 31:		
	2001	\$ 14,432

6. Retirement System

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

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

7. Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). OTARMA provides its' members insurance coverage at group rates. The following risks are covered by the policy:

- Comprehensive property and general liability
- Vehicles
- Public official's liability

The Township also provides health insurance to its full-time employee through a private carrier.

J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
Lexington, Ohio 44904*

*Member AICPA
Member OSCPA*

*John E. Slaybaugh III
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Trustees of Milton Township
1156 TR 1426
Ashland, Ohio 44805

We have audited the financial statements of the Milton Township, Ashland County, as of and for the years ended December 31, 1999 and 2000, and have issued our report thereon dated April 30, 2001.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Milton Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control

In planning and performing our audit, we considered the Milton Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

J. E. Slaybaugh & Associates, Inc.

J.E. Slaybaugh & Associates, Inc.

Lexington, Ohio

April 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

MILTON TOWNSHIP

ASHLAND 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
JUNE 7, 2001**