

Milton Township

Jackson County, Ohio

Regular Audit

For the Years Ended December 31, 2004 and 2003

**BALESTRA, HARR & SCHERER, CPAs, INC.**

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

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**Auditor of State  
Betty Montgomery**

Board of Trustees  
Milton Township  
276 Braley Road  
Wellston, Ohio 45692

We have reviewed the *Independent Auditor's Report* of Milton Township, Jackson County, prepared by Balestra, Harr & Scherer, CPAs, Inc. for the audit period January 1, 2003 through December 31, 2004. 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.

Ohio Rev. Code Section 3734.57(C) provides that for the purposes of defraying the added costs to a township of maintaining roads and other public facilities and of providing emergency and other public services, and compensating a township for reductions in real property tax revenue due to reductions in real property valuations resulting from the location and operation of a solid waste disposal facility within the township, a township in which the solid waste disposal facility is located may levy a fee of not more than twenty-five cents per ton on the disposal of solid waste at the solid waste disposal facility located within the boundaries of the township regardless of where the wastes were generated. Ohio Rev. Code Section 3734.57(E) provides that fees levied under division (C) of this section shall be collected by the owner or operator of the solid waste disposal facility where the wastes are disposed of as a trustee for the county or joint district and municipal corporation or township where the wastes are disposed of and shall be forwarded to the fiscal officer of the township. Ohio Rev. Code Section 3734.57(F) states that moneys received by the fiscal officer of the township under division (E) of this section shall be paid into the general fund of the township. The fiscal officer, as appropriate, shall maintain separate records of the fees levied under division (C) of this section.

The Township received fees of \$58,551 in 2003 and \$67,264 in 2004 from a local solid waste disposal facility. These fees were not credited to the general fund. These fees were credited to the Rumpke Fund which is a major governmental fund. The Township made expenditures of \$57,988 in 2003 and \$90,912 in 2004 from this fund. This fund had a balance at January 1, 2003 of \$21,219 and a balance at December 31, 2004 of \$22,591.

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the Rumpke Fund in the amount of \$22,591 and in favor of the General Fund.

The Township Clerk made this adjustment to the records of the Township subsequent to December 31, 2005. We recommend that all future fees collected under this section be credited to the General Fund of the Township.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the AOS permits.

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.

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

BETTY MONTGOMERY  
Auditor of State

May 8, 2006

**Milton Township**  
 Jackson County, Ohio  
 For the Years Ended December 31, 2004 and 2003  
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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

## Independent Auditors' Report

Board of Trustees  
Milton Township  
Jackson County, Ohio  
276 Braley Road  
Wellston, OH 45692

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund of Milton Township, Jackson County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003 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 an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinions.

Ohio law also requires that fees collected from a local solid waste facility within the Township be credited to the General Fund. The Township credited fees collected from a local solid waste disposal facility to the Rumpke Fund, a Special Revenue fund. The Township also made expenditures from this fund. For 2003, had the fees and expenditures been properly posted to the General Fund, the effect would have been to increase the General Fund receipts by \$58,551 to \$135,585, expenditures by \$57,988 to \$170,182, and fund balance by \$563 to \$37,592. This also would have had the effect of decreasing the Special Major Fund (Rumpke) receipts by \$58,551 to \$0, expenditures by \$57,988 to \$0, and fund balance by \$46,239 to \$0. For 2004, had the fees and expenditures been properly posted to the General Fund, the effect would have been to increase the General Fund receipts by \$67,264 to \$147,158, expenditures by \$90,912 to \$186,987, and increase fund balance by \$23,648 to \$21,411. This also would have had the effect of decreasing the Special Major Fund (Rumpke) receipts by \$67,264 to \$0, expenditures by \$90,912 to \$0, and increase fund balance by \$22,591 to \$0.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, because of the effects of the matters referred to in paragraph three, the financial statements referred to above do not present fairly, in all material respects, the respective cash basis financial position of the governmental activities including each major fund information of Milton Township, Jackson County, Ohio as of December 31, 2004 and 2003, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General, Gasoline Tax, Rumpke, and Permissive Sales Tax Fund for 2004 and the General, Gasoline Tax, Rumpke, Permissive Sales Tax, and FEMA Funds for 2003 in conformity with the accounting basis described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2005, 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine 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 considering the results of the audits.

The Management's Discussion and Analysis at pages 3-8 is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. 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.

As discussed further in Note 1, for the years ended December 31, 2004 and 2003, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. The Township also implemented Governmental Accounting Standards Board Statement No. 38 – *Certain Additional Note Disclosures*.



Balestra, Harr & Scherer, CPAs, Inc.  
September 14, 2005



**Milton Township, Jackson County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2004 and 2003  
Unaudited

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This discussion and analysis of Milton Township's (the Township's) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2004 and 2003, within the limitations of the Township's modified 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 2004 and 2003 are as follows:

Net assets of governmental activities decreased \$31,173, or 5.00 percent, in 2004. Net assets of governmental activities increased \$68,440, or 10.98 percent in 2003. The fund most affected by the decrease in cash and cash equivalents in 2004 was the Gasoline Tax Fund, which realized the greatest burden of expenditures in 2004. The fund most affected by the increase in 2003 was the Gasoline Tax Fund, which realized the greatest burden of expenditures in 2003.

The Township's general receipts are primarily property and gasoline taxes. These receipts represent respectively 14.30 and 21.26 percent of percent of the total cash received for governmental activities during 2004 and 14.04 and 16.07 percent of the total cash received for governmental activities during 2003. Property and gasoline tax receipts for 2004 and 2003 changed little 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 modified 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.

**Milton Township, Jackson County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2004 and 2003  
Unaudited

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**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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified 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 2004 and 2003, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at years end. The statement of activities compares cash disbursements with program receipts for each governmental program. 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.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified 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 and gasoline taxes.

In the statement of net assets and the statement of activities, we divide the Township into one type of activity:

Governmental activities. All of the Township's basic services are reported here. State and federal grants and property and gasoline taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Milton Township, Jackson County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2004 and 2003  
Unaudited

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**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 all governmental funds.

Governmental Funds - All 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 nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For 2004, the Township's major governmental funds are the General Fund, Gasoline Tax Fund, Rumpke Fund, Permissive Sales Tax Fund, and Permanent Improvement Fund. For 2003, the Township's major governmental funds are the General Fund, Gasoline Tax Fund, Rumpke Fund, Permissive Sales Tax Fund, FEMA Fund and Permanent Improvement Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2004 compared to 2003 on a modified cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities	
	2004	2003
<b>Assets</b>		
Cash and Cash Equivalents	\$592,069	\$623,242
Total Assets	\$592,069	\$623,242
<b>Net Assets</b>		
Unrestricted	592,069	623,242
Total Net Assets	\$592,069	\$623,242

As mentioned previously, net assets of governmental activities decreased \$31,173 or 5.00 percent during 2004. The primary reasons contributing to the decreases in cash balances are as follows:

- General fund receipts increased from 2003 to 2004 primarily through intergovernmental receipts.

**Milton Township, Jackson County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2004 and 2003  
Unaudited

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Table 2 reflects the changes in net assets in 2004. Since the Township did not prepare financial statements in this format for 2002, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2004	Governmental Activities 2003
Receipts:		
Program Receipts:		
Capital Grants and Contributions	\$170,978	\$201,492
Total Program Receipts	170,978	201,492
General Receipts:		
Property and Other Local Taxes	71,860	61,198
Grants and Entitlements Not Restricted to Specific Programs	25,317	25,938
Sale of Capital Assets	0	1,500
Interest	3,141	6,585
Miscellaneous	44,986	35,859
Total General Receipts	145,304	131,080
Total Receipts	316,282	332,572
Disbursements:		
General Government	95,052	97,073
Public Safety	0	14,000
Public Works	237,584	112,414
Health	14,819	12,338
Capital Outlay	0	3,700
Miscellaneous	0	24,607
Total Disbursements	347,455	264,132
Increase (Decrease) in Net Assets	-31,173	68,440
Net Assets, January 1	623,242	554,802
Net Assets, December 31	\$592,069	\$623,242

**Milton Township, Jackson County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2004 and 2003  
Unaudited

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Program receipts represent 54.06 percent of total receipts in 2004 and 60.59 percent of total receipts in 2003 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 45.94 percent of the Township's total receipts for 2004 and 39.41 percent of the Township's total receipts for 2003, and of this amount, 49.46 percent are local taxes in 2004 and 46.69 percent are local taxes in 2003. Grants and entitlements not restricted to Specific Programs represents 17.42 percent of general receipts for 2004 and 19.79 percent of general receipts for 2003. Other receipts are 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 council, and the auditor, treasurer, and income tax departments, as well as internal services such as payroll and purchasing.

**Governmental Activities**

If you look at the Statement of Activities on pages 13 and 14, 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 general government and public works, which account for 95.8 and 79.4 percent of all governmental disbursements, respectively. The next column of the Statement entitled Program Cash Receipts identifies 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.

(Table 3)

**Governmental Activities**

	Total Cost Of Services 2004	Total Cost Of Services 2003	Net Cost of Services 2004	Net Cost of Services 2003
General Government	\$95,052	\$97,073	(\$48,278)	(\$9,625)
Public Safety	0	14,000	0	(1,306)
Public Works	237,584	112,414	(120,673)	(11,064)
Health	14,819	12,338	(7,527)	(12,338)
Capital Outlay	0	3,700	0	(3,700)
Miscellaneous	0	24,607	0	(24,607)
Total Expenses	\$347,455	\$264,132	(\$176,478)	(\$62,640)

**Milton Township, Jackson County**  
Management's Discussion and Analysis  
For the Years Ended December 31, 2004 and 2003  
Unaudited

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**The Township's Funds**

Total governmental funds had receipts of \$316,282 and disbursements of \$347,455 in 2004 and receipts of \$331,072 and disbursements of \$264,132 in 2003. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased (\$16,181) in 2004 as the result of expenditures in excess of receipts. The fund balance of the General Fund decreased by (\$35,160) in 2003 as a result of increases general government expenditures.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio Law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

During the course of fiscal years 2004 and 2003 the Township didn't amend its General Fund budget. The Township uses fund budgeting and the budgeting systems are designed to tightly control the total funds' budget.

For 2004, General Fund budget basis receipts were \$79,894 and \$77,034 for 2003. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2004 were \$96,075, \$16,181 under cash receipts. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2003 were \$112,194, \$35,160 over cash receipts.

**Debt**

At December 31, 2004, the Township had no debt outstanding.

**Current Financial Related Activities**

Milton Township is not financially strong. As the preceding information shows, the Township heavily depends on its taxpayers. However, financially the future is not without challenges.

**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 Reed Johnson, Board President, Milton Township, 276 Braley Road, Wellston, Ohio 45692.

**Milton Township, Jackson County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2004*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$592,069</u>
<i>Total Assets</i>	<u><u>\$592,069</u></u>
<b>Net Assets</b>	
Unrestricted	<u>592,069</u>
<i>Total Net Assets</i>	<u><u>\$592,069</u></u>

See accompanying notes to the basic financial statements

**Milton Township, Jackson County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2003*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$623,242
<i>Total Assets</i>	<u>\$623,242</u>
<b>Net Assets</b>	
Unrestricted	623,242
<i>Total Net Assets</i>	<u>\$623,242</u>

See accompanying notes to the basic financial statements



**Milton Township, Jackson County**  
*Statement of Cash Basis Assets and Fund Balances*  
 Governmental Funds  
 December 31, 2004

	General	Gasoline Tax Fund	Rumpke Fund	Permissive Sales Tax Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$20,091	\$90,920	\$22,591	\$145,521	\$61,509	\$88,174	\$428,807
Investments	757	21,466	-	109,645	11,856	19,539	163,262
<i>Total Assets</i>	<u>\$20,848</u>	<u>\$112,386</u>	<u>\$22,591</u>	<u>\$255,166</u>	<u>\$73,365</u>	<u>\$107,713</u>	<u>\$592,069</u>
<b>Fund Balances</b>							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	\$20,848	\$0	-	\$0	\$0	\$0	\$20,848
Special Revenue Funds	-	112,386	22,591	255,166	73,365	107,713	571,221
<i>Total Fund Balances</i>	<u>\$20,848</u>	<u>\$112,386</u>	<u>\$22,591</u>	<u>\$255,166</u>	<u>\$73,365</u>	<u>\$107,713</u>	<u>\$592,069</u>

See accompanying notes to the basic financial statements

**Milton Township, Jackson County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2003*

	General	Gasoline Tax Fund	Rumpke Fund	Permissive Sales Tax Fund	FEMA Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Equity in Pooled Cash and Cash Equivalents	\$33,859	\$86,518	\$42,813	\$151,528	\$0	\$64,745	\$86,690	\$466,153
Investments	3,170	17,358	3,426	107,185	-	8,620	17,330	157,089
<i>Total Assets</i>	<u>\$37,029</u>	<u>\$103,876</u>	<u>\$46,239</u>	<u>\$258,713</u>	<u>\$0</u>	<u>\$73,365</u>	<u>\$104,020</u>	<u>\$623,242</u>
<b>Fund Balances</b>								
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	\$37,029	\$0	0	\$0	\$0	\$0	\$0	\$37,029
Special Revenue Funds	0	103,876	46,239	258,713	0	73,365	104,020	586,213
<i>Total Fund Balances</i>	<u>\$37,029</u>	<u>\$103,876</u>	<u>\$46,239</u>	<u>\$258,713</u>	<u>\$0</u>	<u>\$73,365</u>	<u>\$104,020</u>	<u>\$623,242</u>

See accompanying notes to the basic financial statements

**Milton Township, Jackson County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2004

	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>			
General Government	\$95,052	\$46,774	(\$48,278)
Public Works	237,584	116,911	(120,673)
Health	<u>14,819</u>	<u>7,292</u>	<u>(7,527)</u>
<i>Total Governmental Activities</i>	\$347,455	\$170,978	(\$176,477)
<b>General Receipts</b>			
Property Taxes Levied for:			
General Purposes			71,860
Grants and Entitlements not Restricted to Specific Programs			25,317
Interest			3,141
Miscellaneous			<u>44,986</u>
<i>Total General Receipts</i>			145,304
Change in Net Assets			(31,173)
<i>Net Assets Beginning of Year</i>			<u>623,242</u>
<i>Net Assets End of Year</i>			<u><u>\$592,069</u></u>

See accompanying notes to the basic financial statements

**Milton Township, Jackson County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2003*

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>			
General Government	\$97,073	\$87,448	(\$9,625)
Public Safety	14,000	12,694	(1,306)
Public Works	112,414	101,350	(11,064)
Health	12,338	0	(12,338)
Capital Outlay	3,700	0	(3,700)
Miscellaneous	24,607	0	(24,607)
<i>Total Governmental Activities</i>	264,132	201,492	(62,640)
<b>General Receipts</b>			
Property Taxes Levied for:			
General Purposes			61,198
Grants and Entitlements not Restricted to Specific Programs			25,938
Interest			6,585
Sale of Capital Assets			1,500
Miscellaneous			35,859
<i>Total General Receipts</i>			131,080
Change in Net Assets			68,440
<i>Net Assets Beginning of Year</i>			554,802
<i>Net Assets End of Year</i>			\$623,242

See accompanying notes to the basic financial statements

**Milton Township, Jackson County**  
*Statement of Cash Receipts, Disbursements and Changes in-Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2004*

	General	Gasoline Tax Fund	Rumpke Fund	Permissive Sales Tax Fund	Capital Equipment Fund	Total Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$45,231	\$0	\$0	\$0	\$0	\$26,629	\$71,860
Licenses, Permits and Fees	0	0	67,264	0	0	0	67,264
Intergovernmental	32,396	67,227	0	70,343	0	1,012	170,978
Interest	1,909	337	0	714	0	181	3,141
Other	358	0	0	0	0	2,681	3,039
<i>Total Receipts</i>	<u>79,894</u>	<u>67,564</u>	<u>67,264</u>	<u>71,057</u>	<u>0</u>	<u>30,503</u>	<u>316,282</u>
<b>Disbursements</b>							
Current:							
General Government	95,052	0	0	0	0	0	\$95,052
Public Safety	0	0	0	0	0	0	\$0
Public Works	0	59,054	90,912	74,604	0	13,014	\$237,584
Health	1,023	0	0	0	0	13,796	\$14,819
<i>Total Disbursements</i>	<u>96,075</u>	<u>59,054</u>	<u>90,912</u>	<u>74,604</u>	<u>0</u>	<u>26,810</u>	<u>347,455</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(16,181)</u>	<u>8,510</u>	<u>(23,648)</u>	<u>(3,547)</u>	<u>0</u>	<u>3,693</u>	<u>(31,173)</u>
<i>Net Change in Fund Balances</i>	(16,181)	8,510	(23,648)	(3,547)	0	3,693	(31,173)
<i>Fund Balances Beginning of Year</i>	<u>37,029</u>	<u>103,876</u>	<u>46,239</u>	<u>258,713</u>	<u>73,365</u>	<u>104,020</u>	<u>623,242</u>
<i>Fund Balances End of Year</i>	<u><u>\$20,848</u></u>	<u><u>\$112,386</u></u>	<u><u>\$22,591</u></u>	<u><u>\$255,166</u></u>	<u><u>\$73,365</u></u>	<u><u>\$107,713</u></u>	<u><u>\$592,069</u></u>

See accompanying notes to the basic financial statements

**Milton Township, Jackson County**  
*Statement of Cash Receipts, Disbursements and Changes in-Cash Basis Fund Balances*  
 Governmental Funds  
 For the Year Ended December 31, 2003

	General	Gasoline Tax Fund	Rumpke Fund	Permissive Sales Tax Fund	FEMA Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>								
Property and Other Local Taxes	\$46,480	\$0	\$0	\$0	\$0	\$0	\$14,718	\$61,198
Licenses, Permits and Fees	0	0	58,551	0	0	0	0	58,551
Intergovernmental	28,038	53,188	0	65,051	41,382	0	13,833	201,492
Interest	2,394	396	0	3,291	0	0	504	6,585
Other	122	126	0	658	0	0	2,340	3,246
<i>Total Receipts</i>	<u>77,034</u>	<u>53,710</u>	<u>58,551</u>	<u>69,000</u>	<u>41,382</u>	<u>0</u>	<u>31,395</u>	<u>331,072</u>
<b>Disbursements</b>								
Current:								
General Government	97,073	0	0	0	0	0	0	97,073
Public Safety	14,000	0	0	0	0	0	0	14,000
Public Works	0	49,384	57,988	0	0	0	5,042	112,414
Health	1,121	0	0	0	0	0	11,217	12,338
Miscellaneous	0	0	0	24,607	0	0	0	24,607
Capital Outlay	0	0	0	0	0	0	3,700	3,700
<i>Total Disbursements</i>	<u>112,194</u>	<u>49,384</u>	<u>57,988</u>	<u>24,607</u>	<u>0</u>	<u>0</u>	<u>19,959</u>	<u>264,132</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(35,160)</u>	<u>4,326</u>	<u>563</u>	<u>44,393</u>	<u>41,382</u>	<u>0</u>	<u>11,436</u>	<u>66,940</u>
<b>Other Financing Sources (Uses)</b>								
Transfers In	0	12,894	24,457	4,031	0	0	0	41,382
Transfers Out	0	0	0	0	(41,382)	0	0	(41,382)
Sale of Capital Assets	0	0	0	0	0	0	1,500	1,500
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>12,894</u>	<u>24,457</u>	<u>4,031</u>	<u>(41,382)</u>	<u>0</u>	<u>1,500</u>	<u>1,500</u>
<i>Net Change in Fund Balances</i>	<u>(35,160)</u>	<u>17,220</u>	<u>25,020</u>	<u>48,424</u>	<u>0</u>	<u>0</u>	<u>12,936</u>	<u>68,440</u>
<i>Fund Balances Beginning of Year</i>	<u>72,189</u>	<u>86,656</u>	<u>21,219</u>	<u>210,289</u>	<u>0</u>	<u>73,365</u>	<u>91,084</u>	<u>554,802</u>
<i>Fund Balances End of Year</i>	<u>\$37,029</u>	<u>\$103,876</u>	<u>\$46,239</u>	<u>\$258,713</u>	<u>\$0</u>	<u>\$73,365</u>	<u>\$104,020</u>	<u>\$623,242</u>

See accompanying notes to the basic financial statements

**Milton Township, Jackson County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$51,272	\$51,272	\$45,231	(\$6,041)
Intergovernmental	26,850	26,850	32,396	5,546
Interest	1,582	1,582	1,909	327
Other	296	296	358	62
<i>Total receipts</i>	<u>80,000</u>	<u>80,000</u>	<u>79,894</u>	<u>(106)</u>
<b>Disbursements</b>				
Current:				
General Government	112,193	112,193	95,052	17,141
Health	1,207	1,207	1,023	184
<i>Total Disbursements</i>	<u>113,400</u>	<u>113,400</u>	<u>96,075</u>	<u>17,325</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(33,400)</u>	<u>(33,400)</u>	<u>(16,181)</u>	<u>17,219</u>
<i>Fund Balance Beginning of Year</i>	<u>37,029</u>	<u>37,029</u>	<u>37,029</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,629</u></u>	<u><u>\$3,629</u></u>	<u><u>\$20,848</u></u>	<u><u>\$17,219</u></u>

See accompanying notes to the basic financial statements

**Milton Township, Jackson County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$54,726	\$54,726	\$67,227	\$12,501
Interest	274	274	337	63
<i>Total receipts</i>	<u>55,000</u>	<u>55,000</u>	<u>67,564</u>	<u>12,564</u>
<b>Disbursements</b>				
Current:				
Public Works	<u>140,000</u>	<u>140,000</u>	<u>59,054</u>	<u>80,946</u>
<i>Total Disbursements</i>	<u>140,000</u>	<u>140,000</u>	<u>59,054</u>	<u>80,946</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(85,000)</u>	<u>(85,000)</u>	<u>8,510</u>	<u>93,510</u>
<i>Fund Balance Beginning of Year</i>	<u>103,876</u>	<u>103,876</u>	<u>103,876</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$18,876</u></u>	<u><u>\$18,876</u></u>	<u><u>\$112,386</u></u>	<u><u>\$93,510</u></u>

See accompanying notes to the basic financial statements



**Milton Township, Jackson County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Rumpke Fund*  
*For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Licenses, Permits and Fees	\$55,000	\$55,000	\$67,264	\$12,264
<i>Total receipts</i>	55,000	55,000	67,264	12,264
<b>Disbursements</b>				
Current:				
Public Works	80,000	91,000	90,912	88
<i>Total Disbursements</i>	80,000	91,000	90,912	88
<i>Excess of Receipts Over (Under) Disbursements</i>	(25,000)	(36,000)	(23,648)	12,352
<i>Fund Balance Beginning of Year</i>	46,239	46,239	46,239	0
<i>Fund Balance End of Year</i>	\$21,239	\$10,239	\$22,591	\$12,352

See accompanying notes to the basic financial statements

**Milton Township, Jackson County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Permissive Sales Tax Fund*  
*For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$64,347	\$64,347	\$70,343	\$5,996
Interest	653	653	714	61
<i>Total receipts</i>	<u>65,000</u>	<u>65,000</u>	<u>71,057</u>	<u>6,057</u>
<b>Disbursements</b>				
Current:				
Public Works	<u>310,000</u>	<u>310,000</u>	<u>74,604</u>	<u>235,396</u>
<i>Total Disbursements</i>	<u>310,000</u>	<u>310,000</u>	<u>74,604</u>	<u>235,396</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(245,000)</u>	<u>(245,000)</u>	<u>(3,547)</u>	<u>241,453</u>
<i>Fund Balance Beginning of Year</i>	258,713	258,713	258,713	0
<i>Fund Balance End of Year</i>	<u>\$13,713</u>	<u>\$13,713</u>	<u>\$255,166</u>	<u>\$241,453</u>

See accompanying notes to the basic financial statements

**Milton Township, Jackson County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$51,272	\$51,272	\$71,972	\$20,700
Intergovernmental	14,449	14,449	2,546	(11,903)
Interest	13,587	13,587	2,394	(11,193)
Other	692	692	122	(570)
<i>Total receipts</i>	<u>80,000</u>	<u>80,000</u>	<u>77,034</u>	<u>(2,966)</u>
<b>Disbursements</b>				
Current:				
General Government	127,620	127,620	97,073	30,547
Public Safety	18,406	18,406	14,000	4,406
Health	1,474	1,474	1,121	353
<i>Total Disbursements</i>	<u>147,500</u>	<u>147,500</u>	<u>112,194</u>	<u>35,306</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(67,500)</u>	<u>(67,500)</u>	<u>(35,160)</u>	<u>32,340</u>
<i>Fund Balance Beginning of Year</i>	72,189	72,189	72,189	0
<i>Fund Balance End of Year</i>	<u>\$4,689</u>	<u>\$4,689</u>	<u>\$37,029</u>	<u>\$32,340</u>

See accompanying notes to the basic financial statements

**Milton Township, Jackson County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$47,533	\$47,533	\$53,188	\$5,655
Interest	354	354	396	42
Other	113	113	126	13
<i>Total receipts</i>	<u>48,000</u>	<u>48,000</u>	<u>53,710</u>	<u>5,710</u>
<b>Disbursements</b>				
Current:				
Public Works	130,000	130,000	49,384	80,616
<i>Total Disbursements</i>	<u>130,000</u>	<u>130,000</u>	<u>49,384</u>	<u>80,616</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(82,000)</u>	<u>(82,000)</u>	<u>4,326</u>	<u>86,326</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	12,894	12,894
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>12,894</u>	<u>12,894</u>
<i>Net Change in Fund Balance</i>	<u>(82,000)</u>	<u>(82,000)</u>	<u>17,220</u>	<u>99,220</u>
<i>Fund Balance Beginning of Year</i>	86,656	86,656	86,656	0
<i>Fund Balance End of Year</i>	<u>\$4,656</u>	<u>\$4,656</u>	<u>\$103,876</u>	<u>\$99,220</u>

See accompanying notes to the basic financial statements

**Milton Township, Jackson County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Rumpke Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Licenses, Permits and Fees	\$50,000	\$50,000	\$58,551	\$8,551
<i>Total receipts</i>	<u>50,000</u>	<u>50,000</u>	<u>58,551</u>	<u>8,551</u>
<b>Disbursements</b>				
Current:				
Public Works	70,000	70,000	57,988	12,012
<i>Total Disbursements</i>	<u>70,000</u>	<u>70,000</u>	<u>57,988</u>	<u>12,012</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,000)</u>	<u>(20,000)</u>	<u>563</u>	<u>20,563</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	24,457	24,457
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>24,457</u>	<u>24,457</u>
<i>Net Change in Fund Balance</i>	(20,000)	(20,000)	25,020	45,020
<i>Fund Balance Beginning of Year</i>	21,219	21,219	21,219	0
<i>Fund Balance End of Year</i>	<u>\$1,219</u>	<u>\$1,219</u>	<u>\$46,239</u>	<u>\$45,020</u>

See accompanying notes to the basic financial statements

**Milton Township, Jackson County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Permissive Sales Tax Fund*  
*For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$65,994	\$65,994	\$65,051	(\$943)
Interest	3338	3,338	3,291	(47)
Other	668	668	658	(10)
<i>Total receipts</i>	<u>70,000</u>	<u>70,000</u>	<u>69,000</u>	<u>(1,000)</u>
<b>Disbursements</b>				
Current:				
Miscellaneous	270,000	270,000	24,607	245,393
<i>Total Disbursements</i>	<u>270,000</u>	<u>270,000</u>	<u>24,607</u>	<u>245,393</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(200,000)</u>	<u>(200,000)</u>	<u>44,393</u>	<u>244,393</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	4,031	4,031
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>4,031</u>	<u>4,031</u>
<i>Net Change in Fund Balance</i>	(200,000)	(200,000)	48,424	248,424
<i>Fund Balance Beginning of Year</i>	210,289	210,289	210,289	0
<i>Fund Balance End of Year</i>	<u>\$10,289</u>	<u>\$10,289</u>	<u>\$258,713</u>	<u>\$248,424</u>

See accompanying notes to the basic financial statements

**Milton Township, Jackson County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*FEMA Fund*  
*For the Year Ended December 31, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$0	\$41,382	\$41,382	\$0
<i>Total receipts</i>	0	41,382	41,382	0
<i>Excess of Receipts Over (Under) Disbursements</i>	0	41,382	41,382	0
<b>Other Financing Sources (Uses)</b>				
Transfers Out	0	(41,382)	(41,382)	0
<i>Total Other Financing Sources (Uses)</i>	0	(41,382)	(41,382)	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

See accompanying notes to the basic financial statements

**Milton Township**  
Jackson County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Milton Township, Jackson County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the City of Wellston to provide fire protection services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificate of deposits are valued a cost.

D. Fund Accounting

The Township's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific Township functions or activities. The operation of each fund is accounted for within a separate set of self-balancing set of accounts.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance. The following is the Township's major governmental funds:

*General Fund* - The General Fund is the general operating fund of the Township and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.



**Milton Township**  
Jackson County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Governmental Funds (Continued)

*Gasoline Tax Fund* - This fund receives gasoline tax monies for constructing, maintaining and repairing Township roads and bridges.

*Rumpke Fund* - This fund receives monies for fees charged to a local solid waste disposal facility and is used for constructing, maintaining and repairing Township roads.

*Permissive Sales Tax Fund* - This fund receives permissive sales tax money for constructing, maintaining, and repairing Township roads.

*FEMA Fund* - This fund receives grants from the Federal Emergency Management Agency for disaster relief.

*Capital Equipment Fund*- This fund earmarks funds for later capital equipment purchases.

E. Basis of Presentation

For fiscal year 2004 the Township has implemented the provisions of GASB 34 for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America and GASB 38, for certain financial statement note disclosures. However, there are no adjustments to beginning fund balances since the basis of accounting has not changed. The Township's basic financial statements consist of government-wide statements, including a statement of net cash assets and statement of activities, and fund financial statements that provide a more detailed level of financial information.

F. 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.

The statement of net assets-cash basis presents the cash basis financial condition of governmental activities of the Township at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the Township's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services identifiable to a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the Township. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general cash receipts of the Township.

G. Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds in order 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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**Milton Township**  
Jackson County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Basis of Accounting

The Township prepares its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting 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 disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

As a result of the use of the 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 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

I. Cash Receipts—Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On a cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the Township receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On a cash basis, receipts from property taxes are recognized in the year in which the monies have been received.

J. Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

K. 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 and 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. 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.

**Milton Township**  
Jackson County, Ohio  
Notes to the Financial Statements  
For the Years Ended December 31, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled, and re-appropriated in the subsequent year.

L. Capital Assets and Depreciation

Capital assets (fixed assets) acquired or constructed for the Township are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately of the financial statements.

M. Compensated Absences

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described.

N. Long-Term Obligations

In general, bonds, long-term loans, and capital leases are recorded as cash disbursements in the basic financial statements when paid.

O. Net Cash Assets

Net cash assets represent the difference between assets and liabilities. Net cash assets consist of cash receipts reduced by cash disbursements for the current year. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted for Other Purposes is comprised of net assets restricted for grants. The Township applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

P. Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide financial statements, transfers within governmental activities are eliminated.

**Milton Township**  
 Jackson County, Ohio  
 Notes to the Financial Statements  
 For the Years Ended December 31, 2004 and 2003

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004	2003
Demand Deposits	\$437,663	\$471,750
Certificate of Deposits	154,406	151,492
Total Deposits and Investments	\$592,069	\$623,242

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution for its public deposits.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 22.

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

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. The plan provide 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 2004 and 2003, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2003. The Township has paid all contributions required through December 31, 2004.

6. SALES TAX

In prior years, the Jackson County Commissioners imposed a tax on certain retail sales made in Jackson County. Vendors remit this tax to the State. The County then receives its share from the State. The County credits half of this to its General Fund and distributes the other half to the various taxing districts in Jackson County for capital improvement projects and road construction, maintenance and repair. Milton Township received \$65,051 in 2003 and \$70,343 in 2004 from this sales tax.

7. RISK MANAGEMENT

Commercial Insurance

The Township provides health insurance to its officials and full-time employees through a private carrier.

**Milton Township**  
 Jackson County, Ohio  
 Notes to the Financial Statements  
 For the Years Ended December 31, 2004 and 2003

7. RISK MANAGEMENT (Continued)

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

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

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

Property Coverage

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

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

Risk Pool Membership

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities, and retained earnings at December 31, 2003 and 2002 (the latest information available):

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	<u>(11,791,300)</u>	<u>(9,197,512)</u>
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>
 <u>Property Coverage</u>		
Assets	\$6,791,060	\$6,596,996
Liabilities	<u>(750,956)</u>	<u>(1,204,326)</u>
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>

# BALESTRA, HARR & SCHERER, CPAs, INC.

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Trustees  
Milton Township  
Jackson County, Ohio  
276 Braley Road  
Wellston, OH 45692

We have audited the accompanying financial statements of Milton Township, Jackson County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 14, 2005, 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, and wherein we stated that the financial statements were not fairly presented since certain receipts were not posted to the funds as required by the Ohio Revised Code. We conducted our audits 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 audits, we considered the Township's internal control over financial reporting in order to determine auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 caused by error or fraud 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2004-01.

We also noted certain additional matters that we reported to management of the Township in a separate letter dated September 14, 2005.

This report is intended solely for the information and use of the audit committee, management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

September 14, 2005

**Milton Township**  
Jackson County, Ohio  
Schedule of Prior Audit Findings  
For the Years Ended December 31, 2004 and 2003

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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FINDING NUMBER 2004-001

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 (which increased to \$3,000 on April 7, 2003) for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Fiscal officers may prepare "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months or running beyond the current fiscal year. Only one blanket certificate may be outstanding at one particular time for any one particular line item.

In addition to regular blanket certificates, an entity's fiscal officer may also issue "super blanket" certificates for any amount for expenditures and contracts from a specific line-item appropriation account in a specified fund for most professional services, fuel, oil, food items and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the fiscal year. More than one super blanket certificate may be outstanding at one particular time for a particular line-item appropriation account.

The Township used blanket certificates but they are for multiple funds and accounts. There was no indication the Township canceled the blanket certificates though another one for the same fund/line items was issued the following month. The amounts listed were the total amount available for each fund causing the blanket to exceed \$5,000. None of the blanket certificates were specified as a super blanket certificate.

We recommend that either the Clerk utilize the "then and now" certifications and have payments over \$1,000 (\$3,000 after April 7, 2003) approved by individual resolutions of the Board of Trustees within 30 days from the receipt of such certification or that the Clerk certify that unencumbered funds are available prior to making the commitment by utilizing purchase orders.

**Milton Township**  
 Jackson County, Ohio  
 Schedule of Prior Audit Findings  
 For the Years Ended December 31, 2004 and 2003

SCHEDULE OF PRIOR AUDIT FINDINGS
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Finding Number	Finding Summary	Fully Corrected?	Not corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2002-001	Ohio Revised Code Section 5705.41 (D), failure to certify funds.	No	Not corrected. Refer to finding 2004-001
2002-002	Ohio Revised Code Section 135.18	Yes	
2002-003	Finding for Adjustment	Yes	
2002-004	Finding for Adjustment	Yes	





**Auditor of State  
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**MILTON TOWNSHIP**

**JACKSON 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  
MAY 18, 2006**