

MILTON TOWNSHIP  
WAYNE COUNTY, OHIO

FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

FOR THE TWELVE MONTHS ENDED  
DECEMBER 31, 2005





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Milton Township  
P.O. Box 205  
Sterling, Ohio 44276

We have reviewed the *Independent Accountants' Report* of Milton Township, Wayne County, prepared by Dyer, Hughes, Roche & Wilson, Inc., for the audit period January 1, 2005 through December 31, 2005. 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.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

November 17, 2006

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MILTON TOWNSHIP  
WAYNE COUNTY, OHIO

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## INDEPENDENT ACCOUNTANTS' REPORT

Milton Township  
Wayne County  
P.O. Box 205  
Sterling, OH 44276

To the Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Milton Township, Wayne County, Ohio, (the Township) as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the Comptroller General of the United State's *Government Auditing Standards*. 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 opinions.


As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Milton Township, Wayne County, Ohio, as of December 31, 2005, and the respective changes in modified cash financial position, and, respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, and Fire District Funds thereof for the year then ended in conformity with the basis of accounting note 2 describes.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2006, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Government 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.

  
Dyer, Hughes, Roche & Wilson, Inc.  
March 17, 2006



Milton Township, Wayne County  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2005*  
*Unaudited*

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This discussion and analysis of the Milton Township's (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2005, 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 2005 are as follows:

Net assets of governmental activities decreased \$9,026 or 3.4% in 2005. The fund most affected by the decrease in cash and cash equivalents was the Fire District fund, which received \$80,794 less in receipts than disbursements.

The Township's general receipts are primarily property tax revenue. These receipts represent 56 percent in 2005, of the total cash received for governmental activities during the year.

**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.

### 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 2005, 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 year-end. The statement of activities compares cash disbursements with receipts for each governmental fund. The comparison of cash disbursements with receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Within the limitations of the modified cash basis of accounting, these changes measure the Township's financial health. Over time, increases or decreases in the Township's cash position is an indicator of how the Township is improving or deteriorating. When evaluating the Township's financial condition, one should also take into consideration other nonfinancial factors such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, we express the Township's activities as the following:

Governmental activities – The Township's services are reported here including Roads and Bridges, Fire District, Gasoline Tax and Other Governmental Funds. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Milton Township, Wayne County  
*Management's Discussion and Analysis*  
 For the Years Ended December 31, 2005  
 Unaudited

**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 is restricted as to how it may be used and is being spent for the intended purpose. The funds of the Township are all 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. The Township's major governmental funds are the General Fund, and the Fire District, Road and Bridges, and Gasoline Tax funds.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2005 and 2004 on a modified cash basis:

(Table 1)  
 Net Assets

|                           | Governmental Activities |             |
|---------------------------|-------------------------|-------------|
|                           | <u>2005</u>             | <u>2004</u> |
| Assets                    |                         |             |
| Cash and Cash Equivalents | \$ 253,368              | \$ 262,394  |
| Net Assets                |                         |             |
| Restricted for:           |                         |             |
| Other Purposes            | 162,716                 | 166,425     |
| Unrestricted              | 90,652                  | 95,969      |
| Total Net Assets          | \$ 253,368              | \$ 262,394  |

Milton Township, Wayne County  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2005*  
*Unaudited*

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Table 2 reflects the changes in net assets in 2005. Since the Township did not prepare financial statements in this format for 2004, 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<br>Activities<br>2005 |
|--|------------------------------------|
| Receipts:  |                                    |
| Program Receipts:  |                                    |
| Operating Grants and Contributions                             | <u>\$107,095</u>                   |
| General Receipts:  |                                    |
| Property and Other Local Taxes                                 | 337,913                            |
| Grants and Entitlements Not Restricted<br>To Specific Programs | 52,836                             |
| Other Debt Proceeds  | 93,000                             |
| Interest   | 7,209                              |
| Miscellaneous  | <u>2,948</u>                       |
| Total General Receipts   | 493,906                            |
| Special Items  | <u>10,477</u>                      |
| Total Receipts   | <u>611,478</u>                     |
| Disbursements:   |                                    |
| General Government   | 65,901                             |
| Public Safety  | 90,902                             |
| Public Works   | 298,829                            |
| Health   | 11,903                             |
| Capital Outlay   | 135,778                            |
| Debt Service   |                                    |
| Principal  | 13,285                             |
| Interest   | <u>3,906</u>                       |
| Total Disbursements  | <u>620,504</u>                     |
| Decrease in Net Assets   | (9,026)                            |
| Net Assets, January 1, 2005                                    | <u>262,394</u>                     |
| Net Assets, December 31, 2005                                  | <u>\$253,368</u>                   |

Milton Township, Wayne County  
*Management's Discussion and Analysis*  
*For the Years Ended December 31, 2005*  
*Unaudited*

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Program receipts represent 17.5 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as fire district money.

General receipts represent 80 percent of total receipts and of this amount over 68 percent are property taxes. Debt proceeds represent 18.8 percent of general receipts and is to be used for the purchase of a fire truck. Grants and entitlements make up 8.6 percent of the Township's general receipts with miscellaneous and interest making up 2 percent of general receipts. These receipts are somewhat unpredictable revenue sources.

Special items represent 1.7 percent of total receipts and are primarily comprised of donations.

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 fiscal officer, utilities, audit costs and the Township solicitor. The General Government disbursements make up 10.6 percent of total disbursements.

Public safety, which is 14.6 percent of disbursements, is the costs for maintaining the fire department. Public works, which is 48 percent of disbursements, is primarily the costs for maintaining the roads.

Capital outlay accounts for 21.8 percent of total disbursements and primarily consists of the purchase of a fire truck.

#### Governmental Activities

The Statement of Activities lists in the first column the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public works that accounts for 48 percent of all governmental disbursements. The next column of the Statement entitled Program Receipts identifies grants received by the Township that must be used to provide a specific service. The net (disbursements) receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service that ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts that are presented at the bottom of the Statement.

### **General Fund Budgeting Highlights**

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

During 2005, the Township amended its General Fund budget to reflect changing circumstances.

Final disbursements were budgeted at \$791,522, while actual disbursements were \$620,504 for 2005.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

The Township maintains a listing of its capital assets. These records are not required to be presented in the financial statements.

#### **Debt**

At December 31, 2005 the Township's outstanding debt included \$79,715 for a fire truck.

### **Current Issues**

The challenge for the Township is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

### **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 Sandra Gasser, Clerk, Milton Township, P.O. Box 205, Sterling, Ohio 44276.

Milton Township, Wayne County  
Statement of Net Assets - Modified Cash Basis  
December 31, 2005

|  | Governmental<br>Activities |
|--|----------------------------|
|  | 2005                       |
| Assets                                     |                            |
| Equity in Pooled Cash and Cash Equivalents | \$ 253,368                 |
| Total Assets                               | \$ 253,368                 |
| <br>Net Assets                             |                            |
| Restricted for:                            |                            |
| Other Purposes                             | 162,716                    |
| Unrestricted                               | 90,652                     |
| Total Net Assets                           | \$ 253,368                 |

Milton Township, Wayne County  
Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2005

|                                 | Cash<br>Disbursements | Program Cash Receipts  |  |  | Net (Disbursements)<br>Receipts<br>and Changes<br>in Net Assets |
|---------------------------------|-----------------------|--|--|--|---|
|                                 |                       | Charges<br>for Services<br>and Sales                           | Operating<br>Grants and<br>Contributions | Capital Grants<br>and<br>Contributions | Governmental<br>Activities                                      |
| <b>Governmental Activities:</b> |                       |  |  |  |   |
| General Government              | \$ 65,901             | \$ -   | \$ 781                                   | \$ -                                   | \$ (65,120)   |
| Public Safety                   | 90,902                | 2,950  | -  | -                                      | (87,952)  |
| Public Works                    | 298,829               | -  | 101,296                                  | -                                      | (197,533)   |
| Health                          | 11,903                | -  | -  | -                                      | (11,903)  |
| Other                           | -                     | -  | -  | 2,068                                  | 2,068   |
| Capital Outlay                  | 135,778               | -  | -  | -                                      | (135,778)   |
| Debt Service                    |                       |  |  |  |   |
| Principal                       | 13,285                | -  | -  | -                                      | (13,285)  |
| Interest                        | 3,906                 | -  | -  | -                                      | (3,906)   |
| <b>Total</b>                    | <b>\$ 620,504</b>     | <b>\$ 2,950</b>  | <b>\$ 102,077</b>                        | <b>\$ 2,068</b>                        | <b>\$ (513,409)</b>   |
|                                 |                       |  |  |  |   |
|                                 |                       | <b>General Receipts</b>  |  |  |   |
|                                 |                       | Property Taxes Levied  |  | \$ 298,877                             |   |
|                                 |                       | Other Taxes  |  | 39,036                                 |   |
|                                 |                       | Grants and Entitlements not<br>Restricted to Specific Programs |  | 52,836                                 |   |
|                                 |                       | Other Debt Proceeds  |  | 93,000                                 |   |
|                                 |                       | Interest   |  | 7,209                                  |   |
|                                 |                       | Miscellaneous  |  | 2,948                                  |   |
|                                 |                       | <b>Total General Receipts</b>                                  |  | <b>493,906</b>                         |   |
|                                 |                       | Special Items  |  | 10,477                                 |   |
|                                 |                       | <b>Total General Receipts &amp; Special Items</b>              |  | <b>504,383</b>                         |   |
|                                 |                       | Change in Net Assets   |  | (9,026)                                |   |
|                                 |                       | Net Assets Beginning of Year                                   |  | 262,394                                |   |
|                                 |                       | Net Assets End of Year   |  | <b>\$ 253,368</b>                      |   |



Milton Township, Wayne County  
Statement of Modified Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2005

|  | General          | Gasoline<br>Tax  | Road and<br>Bridge | Fire<br>District | Other<br>Governmental<br>Fund | Total<br>Governmental<br>Fund |
|--|------------------|------------------|--------------------|------------------|-------------------------------|-------------------------------|
| <b>Assets</b>                              |                  |                  |                    |                  |                               |                               |
| Equity in Pooled Cash and Cash Equivalents | \$ 90,652        | \$ 29,010        | \$ 28,810          | \$ 91,268        | \$ 13,628                     | \$ 253,368                    |
| Total Assets                               | <u>\$ 90,652</u> | <u>\$ 29,010</u> | <u>\$ 28,810</u>   | <u>\$ 91,268</u> | <u>\$ 13,628</u>              | <u>\$ 253,368</u>             |
| <b>Fund Balances</b>                       |                  |                  |                    |                  |                               |                               |
| Reserved:                                  |                  |                  |                    |                  |                               |                               |
| Reserved for Encumbrances                  | \$ 529           | \$ -             | \$ 1,456           | \$ -             | \$ -                          | \$ 1,985                      |
| Unreserved:                                |                  |                  |                    |                  |                               |                               |
| Undesignated(Deficit), Reported in:        |                  |                  |                    |                  |                               |                               |
| General Fund                               | 90,123           | -                | -                  | -                | -                             | 90,123                        |
| Special Revenue Funds                      | -                | 29,010           | 27,353             | 91,268           | 13,628                        | 161,260                       |
| Capital Projects                           | -                | -                | -                  | -                | -                             | -                             |
| Total Fund Balances                        | <u>\$ 90,652</u> | <u>\$ 29,010</u> | <u>\$ 28,810</u>   | <u>\$ 91,268</u> | <u>\$ 13,628</u>              | <u>\$ 253,368</u>             |

Milton Township, Wayne County  
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2005

|  | <u>General</u>   | <u>Gasoline<br/>Tax</u> | <u>Road and<br/>Bridge</u> | <u>Fire<br/>District</u> | <u>Other<br/>Governmental<br/>Fund</u> | <u>Total<br/>Governmental<br/>Fund</u> |
|--|------------------|-------------------------|----------------------------|--------------------------|--|--|
| <b>Receipts</b>                                  |                  |                         |                            |                          |  |  |
| Property and Other Local Taxes                   | \$ 65,515        | \$ -                    | \$ 110,128                 | \$ 123,233               | \$ -                                   | \$ 298,877                             |
| Licenses, Permits and Fees                       | -                | -                       | -                          | 2,950                    | -                                      | 2,950                                  |
| Intergovernmental                                | 58,416           | 76,688                  | 14,787                     | 19,450                   | 24,609                                 | 193,950                                |
| Earnings on Investments                          | 6,369            | 529                     | -                          | -                        | 311                                    | 7,209                                  |
| Miscellaneous                                    | 2,068            | -                       | 2,048                      | 11,377                   | -                                      | 15,492                                 |
| <b>Total Receipts</b>                            | <u>132,368</u>   | <u>77,217</u>           | <u>126,963</u>             | <u>157,010</u>           | <u>24,920</u>                          | <u>518,478</u>                         |
| <b>Disbursements</b>                             |                  |                         |                            |                          |  |  |
| Current:   |                  |                         |                            |                          |  |  |
| General Government                               | 65,901           | -                       | -                          | -                        | -                                      | 65,901                                 |
| Public Safety                                    | -                | -                       | -                          | 90,902                   | -                                      | 90,902                                 |
| Public Works                                     | 51,381           | 74,711                  | 139,012                    | -                        | 33,725                                 | 298,829                                |
| Health   | 11,903           | -                       | -                          | -                        | -                                      | 11,903                                 |
| Capital Outlay                                   | 8,500            | -                       | 25,593                     | 101,685                  | -                                      | 135,778                                |
| Debt Service:                                    |                  |                         |                            |                          |  |  |
| Redemption of Principal                          | -                | -                       | -                          | 13,285                   | -                                      | 13,285                                 |
| Interest and Other Fiscal Charges                | -                | -                       | -                          | 3,906                    | -                                      | 3,906                                  |
| <b>Total Disbursements</b>                       | <u>137,685</u>   | <u>74,711</u>           | <u>164,605</u>             | <u>209,778</u>           | <u>33,725</u>                          | <u>620,504</u>                         |
| <b>Total Receipts Over/(Under) Disbursements</b> | <u>(5,317)</u>   | <u>2,506</u>            | <u>(37,642)</u>            | <u>(52,768)</u>          | <u>(8,805)</u>                         | <u>(102,026)</u>                       |
| <b>Other Financing Sources (Uses)</b>            |                  |                         |                            |                          |  |  |
| Other Debt Proceeds                              | -                | -                       | -                          | 93,000                   | -                                      | 93,000                                 |
| <b>Total Other Financing Sources(Uses)</b>       | <u>-</u>         | <u>-</u>                | <u>-</u>                   | <u>93,000</u>            | <u>-</u>                               | <u>93,000</u>                          |
| <b>Net Change in Fund Balances</b>               | <u>(5,317)</u>   | <u>2,506</u>            | <u>(37,642)</u>            | <u>40,232</u>            | <u>(8,805)</u>                         | <u>(9,026)</u>                         |
| <b>Fund Balances Beginning of Year</b>           | <u>95,969</u>    | <u>26,504</u>           | <u>66,452</u>              | <u>51,036</u>            | <u>22,433</u>                          | <u>262,394</u>                         |
| <b>Fund Balances End of Year</b>                 | <u>\$ 90,652</u> | <u>\$ 29,010</u>        | <u>\$ 28,810</u>           | <u>\$ 91,268</u>         | <u>\$ 13,628</u>                       | <u>\$ 253,368</u>                      |

Milton Township, Wayne County  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual-Budget Basis  
General Fund  
For the Year Ended December 31, 2005

|  | <u>Budgeted Amounts</u> |                 | <u>Actual</u>    | Variance with<br>Final budget<br>Positive<br>(Negative) |
|--|-------------------------|-----------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>    |                  |   |
| <b>Receipts</b>                                  |                         |                 |                  |   |
| Property and Other Local Taxes                   | \$ 61,590               | \$ 61,590       | \$ 65,515        | \$ 3,925  |
| Intergovernmental                                | 83,345                  | 83,345          | 58,416           | (24,929)  |
| Earnings on Investments                          | 3,500                   | 3,500           | 6,369            | 2,869   |
| Miscellaneous                                    | 1,000                   | 1,000           | 2,068            | 1,068   |
| <b>Total Receipts</b>                            | <u>149,435</u>          | <u>149,435</u>  | <u>132,368</u>   | <u>(17,067)</u>   |
| <b>Disbursements</b>                             |                         |                 |                  |   |
| Current:   |                         |                 |                  |   |
| General Government                               | 79,295                  | 79,695          | 66,429           | 13,266  |
| Public Works                                     | 61,500                  | 61,500          | 51,381           | 10,119  |
| Health   | 12,300                  | 12,900          | 11,904           | 996   |
| Capital Outlay                                   | 92,309                  | 91,309          | 8,500            | 82,809  |
| <b>Total Disbursements</b>                       | <u>245,404</u>          | <u>245,404</u>  | <u>138,214</u>   | <u>107,190</u>  |
| <b>Total Receipts Over/(Under) Disbursements</b> | <u>(95,969)</u>         | <u>(95,969)</u> | <u>(5,846)</u>   | <u>90,123</u>   |
| <b>Net Change in Fund Balances</b>               | (95,969)                | (95,969)        | (5,846)          | 90,123  |
| <b>Fund Balances Beginning of Year</b>           | <u>95,969</u>           | <u>95,969</u>   | <u>95,969</u>    | <u>-</u>  |
| <b>Fund Balances End of Year</b>                 | <u>\$ 0</u>             | <u>\$ 0</u>     | <u>\$ 90,123</u> | <u>\$ 90,123</u>  |

Milton Township, Wayne County  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual-Budget Basis  
Gasoline Tax  
For the Year Ended December 31, 2005

|   | <u>Budgeted Amounts</u> |                 | <u>Actual</u>    | Variance with<br>Final budget<br>Positive<br>(Negative) |
|---|-------------------------|-----------------|------------------|---|
|   | <u>Original</u>         | <u>Final</u>    |                  |   |
| <b>Receipts</b>                           |                         |                 |                  |   |
| Intergovernmental                         | \$ 51,500               | \$ 51,500       | \$ 76,688        | \$ 25,188   |
| Earnings on Investments                   | <u>257</u>              | <u>257</u>      | <u>529</u>       | <u>272</u>  |
| Total Receipts                            | <u>51,757</u>           | <u>51,757</u>   | <u>77,217</u>    | <u>25,460</u>   |
| <b>Disbursements</b>                      |                         |                 |                  |   |
| Current:                                  |                         |                 |                  |   |
| Public Works                              | <u>78,261</u>           | <u>78,261</u>   | <u>74,711</u>    | <u>3,550</u>  |
| Total Disbursements                       | <u>78,261</u>           | <u>78,261</u>   | <u>74,711</u>    | <u>3,550</u>  |
| Total Receipts Over/(Under) Disbursements | <u>(26,504)</u>         | <u>(26,504)</u> | <u>2,506</u>     | <u>29,010</u>   |
| Net Change in Fund Balances               | (26,504)                | (26,504)        | 2,506            | 29,010  |
| Fund Balances Beginning of Year           | <u>26,504</u>           | <u>26,504</u>   | <u>26,504</u>    | <u>-</u>  |
| Fund Balances End of Year                 | <u>\$ 0</u>             | <u>\$ 0</u>     | <u>\$ 29,010</u> | <u>\$ 29,010</u>  |

Milton Township, Wayne County  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual-Budget Basis  
Road and Bridge  
For the Year Ended December 31, 2005

|   | <u>Budgeted Amounts</u> |                 | <u>Actual</u>    | Variance with                          |
|---|-------------------------|-----------------|------------------|--|
|   | <u>Original</u>         | <u>Final</u>    |                  | Final budget<br>Positive<br>(Negative) |
| <b>Receipts</b>                           |                         |                 |                  |  |
| Property and Other Local Taxes            | \$ 103,884              | \$ 103,884      | \$ 110,128       | \$ 6,244                               |
| Intergovernmental                         | 12,716                  | 12,716          | 14,787           | 2,071                                  |
| Miscellaneous                             | <u>1,000</u>            | <u>1,000</u>    | <u>2,048</u>     | <u>1,048</u>                           |
| Total Receipts                            | <u>117,600</u>          | <u>117,600</u>  | <u>126,963</u>   | <u>9,363</u>                           |
| <b>Disbursements</b>                      |                         |                 |                  |  |
| Current:                                  |                         |                 |                  |  |
| Public Works                              | 146,460                 | 146,460         | 140,469          | 5,991                                  |
| Capital Outlay                            | <u>37,592</u>           | <u>36,892</u>   | <u>25,593</u>    | <u>11,299</u>                          |
| Total Disbursements                       | <u>184,052</u>          | <u>183,352</u>  | <u>166,062</u>   | <u>17,290</u>                          |
| Total Receipts Over/(Under) Disbursements | <u>(66,452)</u>         | <u>(65,752)</u> | <u>(39,099)</u>  | <u>26,653</u>                          |
| Net Change in Fund Balances               | (66,452)                | (65,752)        | (39,099)         | 26,653                                 |
| Fund Balances Beginning of Year           | <u>66,452</u>           | <u>66,452</u>   | <u>66,452</u>    | <u>-</u>                               |
| Fund Balances End of Year                 | <u>\$ 0</u>             | <u>\$ 700</u>   | <u>\$ 27,353</u> | <u>\$ 26,653</u>                       |

Milton Township, Wayne County  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual-Budget Basis  
Fire District  
For the Year Ended December 31, 2005

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | Variance with<br>Final budget<br>Positive<br>(Negative) |
|--|-------------------------|------------------|------------------|---|
|  | <u>Original</u>         | <u>Final</u>     |                  |   |
| <b>Receipts</b>                                  |                         |                  |                  |   |
| Property and Other Local Taxes                   | \$ 117,340              | \$ 117,340       | \$ 123,233       | \$ 5,893  |
| Licenses, Permits and Fees                       | 2,369                   | 2,369            | 2,950            | 581   |
| Intergovernmental                                | 12,260                  | 12,260           | 19,450           | 7,190   |
| Miscellaneous                                    | 8,500                   | 8,500            | 11,377           | 2,877   |
| <b>Total Receipts</b>                            | <u>140,469</u>          | <u>140,469</u>   | <u>157,010</u>   | <u>16,541</u>   |
| <b>Disbursements</b>                             |                         |                  |                  |   |
| Current:   |                         |                  |                  |   |
| Public Safety                                    | 112,100                 | 112,100          | 90,902           | 21,198  |
| Capital Outlay                                   | 155,205                 | 155,205          | 101,685          | 53,520  |
| Debt Service:                                    |                         |                  |                  |   |
| Redemption of Principal                          | 13,285                  | 13,285           | 13,285           | -   |
| Interest and Other Fiscal Charges                | 3,915                   | 3,915            | 3,906            | 9   |
| <b>Total Disbursements</b>                       | <u>284,505</u>          | <u>284,505</u>   | <u>209,778</u>   | <u>74,727</u>   |
| <b>Total Receipts Over/(Under) Disbursements</b> | <u>(144,036)</u>        | <u>(144,036)</u> | <u>(52,768)</u>  | <u>91,268</u>   |
| <b>Other Financing Sources (Uses)</b>            |                         |                  |                  |   |
| Other Debt Proceeds                              | 93,000                  | 93,000           | 93,000           | -   |
| <b>Total Other Financing Sources(Uses)</b>       | <u>93,000</u>           | <u>93,000</u>    | <u>93,000</u>    | <u>-</u>  |
| <b>Net Change in Fund Balances</b>               | (51,036)                | (51,036)         | 40,232           | 91,268  |
| <b>Fund Balances Beginning of Year</b>           | <u>51,036</u>           | <u>51,036</u>    | <u>51,036</u>    | <u>-</u>  |
| <b>Fund Balances End of Year</b>                 | <u>\$ 0</u>             | <u>\$ 0</u>      | <u>\$ 91,268</u> | <u>\$ 91,268</u>  |

MILTON TOWNSHIP  
WAYNE COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1 – DESCRIPTION OF THE ENTITY

Milton Township (“the Township”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio

The Township operates under a trustee form of government and provides the following services: emergency medical, fire protection, street maintenance and repair, as well as other services.

Management believes the financial statements included in this report represent all of the funds of the Township over which the Township officials are financially accountable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. The most significant of the Township’s accounting policies are described below.

A. BASIS OF PRESENTATION

The Township’s basic financial statements consist of government-wide statement net assets and a statement of activities and fund financial statements providing a more detailed level of financial information.

*Government-wide Financial Statements* The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the Township’s governmental activities of the Township. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. 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, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self financing on the cash basis or draws from the Township’s general receipts.

*Fund Financial Statements* During the year, the Township segregates transactions related to certain Township functions or activities in separate funds 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 governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

MILTON TOWNSHIP  
WAYNE COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. FUND ACCOUNTING

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**GOVERNMENTAL FUNDS** Governmental funds are those through which most governmental functions are financed. Government fund reporting focuses on the sources, uses and balances of current financial resources. The following are the Township's major governmental funds:

*General Fund* -The general fund is used to account for all activities of the Township not required to be included in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Fire District Fund* – This fund receives property tax revenue money that is used to provide fire fighting assistance to the Township.

*Road and Bridge Fund* – This fund receives property tax revenue money that is used to provide street maintenance.

*Gasoline Tax Fund* – Required by the Ohio Revised Code to account for State gasoline tax and motor vehicle registration fees designated for maintenance of streets with in the Township.

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

**PROPRIETARY FUNDS** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The Township has no proprietary funds.

**FIDUCIARY FUNDS** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Township's own programs. The Township has no fiduciary funds.

C. BASIS OF ACCOUNTING

For 2005, the Township implemented the GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments" format. The implementation of GASB Statement No. 34 requires additional note disclosure.



MILTON TOWNSHIP  
WAYNE COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

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

D. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Township's Trustees.

*Tax Budget:*

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January to December 31 of the following year. All funds are legally required to be budgeted. The express purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Township receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Township determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Township must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

MILTON TOWNSHIP  
WAYNE COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

*Appropriations:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Township legally adopted several supplemental appropriations during 2004.

*Encumbrances:*

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the outstanding encumbrances at December 31, 2005.

E. CASH AND CASH EQUIVALENTS

For reporting purposes, the Township considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest earned on investments held by the treasurer is credited to the General Fund and allocated amongst funds as required by Ohio law. Interest income earned and received by the Township totaled \$7,209 for the year ended December 31, 2005.

F. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are not capitalized in any of the Township's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

G. LONG-TERM OBLIGATIONS

The cash-basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

At December 31, 2005, the Township's long term obligation was \$79,715 due in 6 annual installments of \$13,285, with an interest rate of 4.4 percent.

MILTON TOWNSHIP  
WAYNE COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

H. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements are recorded when received in accordance with the Township's cash basis method of accounting.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. 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 basis of accounting used by the Township.

NOTE 3 – EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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 and investments at December 31 was as follows:

|                                | 2005             |
|--------------------------------|------------------|
| Deposits                       | \$ 90,652        |
| Investments in STAR Ohio       | <u>162,716</u>   |
| Total deposits and investments | <u>\$253,368</u> |

*Deposits:* Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township.

*Investments:* Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

NOTE 4 – PROPERTY TAX

Real property taxes become a lien in January proceeding the October 1 date for which rates are adopted by the township. 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 too the County annually. However, if the property owner elects, they may make semiannual payments.

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

MILTON TOWNSHIP  
WAYNE COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

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.

NOTE 5 – RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. This plan provides retirement benefits, including post-retirement 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 2005 members of OPERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. As of December 31, 2005, the Township has paid all contributions required through December 31, 2005.

NOTE 6 – RISK MANAGEMENT

In 2004, the Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- General liability and casualty
- Public official's liability

NOTE 7 – CONTINGENT LIABILITY

LITIGATION

The Township management is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the Village.

Independent Accountants' Report On Internal Control  
Over Financial Reporting and On Compliance and  
Other Matters Required by *Government Auditing Standards*

Township Trustees  
Milton Township  
P.O. Box 205  
Sterling, Ohio 44276

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Milton Township, Wayne County (the "Township") as of and for the year ended December 31, 2005 which collectively comprise the Township's basic financial statements and have issued our report thereon dated March 17, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to opine 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 that might be material weaknesses. A material weakness is a reportable 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. However in a separate letter to the Township's management dated March 17, 2006, we noted other matters involving the internal control over financial reporting we did not deem a reportable condition.

## Compliance

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 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*.

This report is intended for the information of the Trustees and management of Milton Township, and is not intended to be and should not be used by anyone other than these specified parties.

*Dyer, Hughes, Roche & Wilson, Inc.*  
Dyer, Hughes, Roche & Wilson, Inc.  
March 17, 2006



**Auditor of State  
Betty Montgomery**

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**

**WAYNE 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  
DECEMBER 5, 2006**