



**MILFORD TOWNSHIP  
KNOX COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



MILFORD TOWNSHIP  
KNOX COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Second Floor  
Columbus, Ohio 43215  
Telephone: 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Milford Township  
Knox County  
7907 Lock Road  
Centerburg, Ohio 43011

To The Board of Trustees:

We have audited the accompanying financial statements of Milford Township, Knox County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinion.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

**JIM PETRO**  
Auditor of State

April 2, 2001

**MILFORD TOWNSHP  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
DECEMBER 31, 2000**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$24,370	\$34,318	\$58,688
Intergovernmental	46,051	72,325	118,376
Licenses, Permits, and Fees	2,977	0	2,977
Earnings on Investments	993	812	1,805
Other Revenue	1,747	315	2,062
Total Cash Receipts	76,138	107,770	183,908
<b>Cash Disbursements:</b>			
Current:			
General Government	65,498	0	65,498
Public Safety	100	30,143	30,243
Public Works	0	87,258	87,258
Health	2,805	0	2,805
Capital Outlay	0	4,149	4,149
Total Cash Disbursements	68,403	121,550	189,953
Total Receipts Over/(Under) Disbursements	7,735	(13,780)	(6,045)
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	0	14,149	14,149
Transfers-Out	(14,149)	0	(14,149)
Other Sources	0	250	250
Total Other Financing Receipts/(Disbursements)	(14,149)	14,399	250
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(6,414)	619	(5,795)
Fund Cash Balances, January 1, 2000	42,681	87,603	130,284
<b>Fund Cash Balances, December 31, 2000</b>	<b>\$36,267</b>	<b>\$88,222</b>	<b>\$124,489</b>

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

**MILFORD TOWNSHIP  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$19,120	\$30,394	\$49,514
Intergovernmental	68,756	70,021	138,777
Licenses, Permits, and Fees	4,392	0	4,392
Earnings on Investments	1,015	677	1,692
	<u>93,283</u>	<u>101,092</u>	<u>194,375</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	58,529	0	58,529
Public Safety	95	20,433	20,528
Public Works	0	77,504	77,504
Health	1,958	0	1,958
Capital Outlay	288	36,939	37,227
	<u>60,870</u>	<u>134,876</u>	<u>195,746</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>32,413</u>	<u>(33,784)</u>	<u>(1,371)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Sale of Fixed Assets	0	16,760	16,760
Transfers-In	0	23,060	23,060
Transfers-Out	(23,060)	0	(23,060)
	<u>(23,060)</u>	<u>39,820</u>	<u>16,760</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	9,353	6,036	15,389
Fund Cash Balances, January 1, 1999	<u>33,328</u>	<u>81,567</u>	<u>114,895</u>
<b>Fund Cash Balances, December 31, 1999</b>	<b><u>\$42,681</u></b>	<b><u>\$87,603</u></b>	<b><u>\$130,284</u></b>

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



**MILFORD TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND DECEMBER 31, 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Milford Township, Knox 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 general governmental services, including road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the Central Ohio Joint Fire District to provide fire services and ambulance 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**

The Township maintains an interest earning checking account.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Fire District Fund - This fund receives property tax money to pay for contracted fire protection and emergency medical services.

MILFORD TOWNSHIP  
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND DECEMBER 31, 1999  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made.

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

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$124,489</u>	<u>\$130,284</u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institutions public entity deposit pool.

**MILFORD TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND DECEMBER 31, 1999  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

**2000 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,188	\$76,138	\$22,950
Special Revenue	99,330	122,169	22,839
Total	<u>\$152,518</u>	<u>\$198,307</u>	<u>\$45,789</u>

**2000 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$95,870	\$82,552	\$13,318
Special Revenue	186,933	121,550	65,383
Total	<u>\$282,803</u>	<u>\$204,102</u>	<u>\$78,701</u>

**1999 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$73,159	\$93,283	\$20,124
Special Revenue	115,610	140,912	25,302
Total	<u>\$188,769</u>	<u>\$234,195</u>	<u>\$45,426</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$106,487	\$83,930	\$22,557
Special Revenue	197,177	134,876	62,301
Total	<u>\$303,664</u>	<u>\$218,806</u>	<u>\$84,858</u>

**MILFORD TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND DECEMBER 31, 1999  
(Continued)**

**4. MATERIAL NONCOMPLIANCE**

Contrary to Ohio Rev. Code Section 5705.41 (D), the Township did not certify the availability of funds prior to incurring obligations in 2000 and 1999.

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 payment, the first half is due December 31. The second half payment is due the following June 20.

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.

**6. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. In 1999, the Township contributed an amount equal to 13.55% of participants' gross salaries. In 2000, the average employers' contribution rate was 10.84% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive Real and Personal Property
- Vehicles
- Miscellaneous Property
- Electronic Data Processing Equipment

**MILFORD TOWNSHIP  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND DECEMBER 31, 1999  
(Continued)**

**8. JOINTLY GOVERNED ORGANIZATION**

**Central Ohio Joint Fire District**

The Central Ohio Joint Fire District (the District) is a jointly governed organization created pursuant to Ohio Revised Code Section 505.371. The District was formed in 2000 and consists of Hilliar, Milford and Liberty Townships and the Village of Centerburg. The District Board consists of a Trustee from each Township, a Council Member from the Village of Centerburg and an at-Large member appointed by vote of the District Board. Revenues are generated from a 5.5 mil operating levy. Contributions from the Township to the District consisted of all fire levy monies on balance at the creation of the District and all fire levy monies received from the February and August 2000 tax settlements.

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OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Second Floor  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board Of Trustees  
Milford Township  
Knox County  
7907 Lock Road  
Centerburg, Ohio 43011

To the Board of Trustees:

We have audited the accompanying financial statements of Milford Township, Knox County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated April 2, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-40642-001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 2, 2001.

Milford Township  
Knox County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**JIM PETRO**  
Auditor of State

April 2, 2001



**MILFORD TOWNSHIP  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**2000-40642-001**

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance.

Prior certification of funds by the Clerk was not obtained for 100% of the expenditures tested in 1999 and 2000.

The Clerk should certify funds before each payment is made through the issuance of a regular, blanket or super blanket purchase order. For blanket certificates, one blanket certificate may be issued for each line item appropriation and must not exceed \$5,000. For super blanket certificates, more than one certificate can be outstanding per line item appropriation and the certificate must exceed \$5,000. These blanket certificates should be cancelled at the end of each fiscal year.

Also, as an alternative, the Clerk can issue then and now certificates for expenses up to \$1,000. Then and now certificates allow the Clerk to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Clerk without subsequent authorization by the Board of Trustees. However, then and now certificates issued by the Clerk over \$1,000 must be authorized by the Board of Trustees within thirty days after payment.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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

**MILFORD TOWNSHIP**

**KNOX 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  
APRIL 24, 2001**