

**MILTON TOWNSHIP
WAYNE COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 1999 and 1998

TRIMBLE, JULIAN & GRUBE, INC.

TJG

**MILTON TOWNSHIP
WAYNE COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 1999 and 1998

JACK GLESSNER, TOWNSHIP CLERK

MILTON TOWNSHIP
WAYNE COUNTY, OHIO

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OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

We have reviewed the Independent Auditor's Report of Milton Township, Wayne County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Milton Township is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

June 20, 2000

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 WORTHINGTON WOODS BOULEVARD
SUITE B
WORTHINGTON, OHIO 43085

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Milton Township, Wayne County, Ohio as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. These financial statements are the responsibility of Milton Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

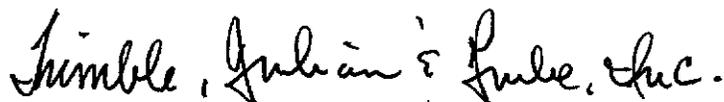
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable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

As discussed in Note 2, Milton Township, prepares its financial statements on the basis of accounting prescribed or permitted by 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 cash balances and fund balances of Milton Township, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements, combined budget and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 25, 2000 on our consideration of Milton Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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



Trimble, Julian & Grube, Inc.

May 25, 2000

**MILTON TOWNSHIP
WAYNE COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 1999 AND 1998

	1999	1998
<u>Cash and Investments</u>		
Cash	\$ 66,453	\$ 68,768
Investments	223,820	288,043
Total Cash and Investments	\$ 290,273	\$ 356,811
 <u>Fund Balances</u>		
<u>Governmental Funds:</u>		
General Fund	\$ 116,509	\$ 122,991
Special Revenue Funds	173,764	233,820
Total Governmental Funds	290,273	356,811
Total Fund Balances	\$ 290,273	\$ 356,811

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

**MILTON TOWNSHIP
WAYNE COUNTY, OHIO**

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

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 50,843	\$ 174,042	\$ 224,885
Intergovernmental	97,485	97,887	195,372
Interest	12,329	792	13,121
Miscellaneous	1,416	6,446	7,862
Total cash receipts	<u>162,073</u>	<u>279,167</u>	<u>441,240</u>
Cash disbursements:			
Current:			
General government	62,900		62,900
Public safety		66,202	66,202
Public works	48,875	165,463	214,338
Health	10,358		10,358
Capital outlay	46,422	107,558	153,980
Total cash disbursements	<u>168,555</u>	<u>339,223</u>	<u>507,778</u>
Total cash receipts (under) cash disbursements	(6,482)	(60,056)	(66,538)
Cash fund balances, January 1, 1999	<u>122,991</u>	<u>233,820</u>	<u>356,811</u>
Cash fund balances, December 31, 1999	<u>\$ 116,509</u>	<u>\$ 173,764</u>	<u>\$ 290,273</u>

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

MILTON TOWNSHIP
WAYNE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1999

Fund Types	Receipts			Disbursements				Variance Favorable (Unfavorable)		
	Budget	Actual 1999 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	1999 Appropriations	Total	Actual 1999 Disbursements		Encumbrances Outstanding at 12/31/99	Total
Governmental:										
General	\$ 137,264	\$ 162,073	\$ 24,809	\$ -	\$ 242,645	\$ 242,645	\$ 168,555	\$ -	\$ 168,555	\$ 74,090
Special Revenue	265,830	279,167	13,337	-	375,303	375,303	339,223	-	339,223	36,080
Total (Memorandum Only)	\$ 403,094	\$ 441,240	\$ 38,146	\$ -	\$ 617,948	\$ 617,948	\$ 507,778	\$ -	\$ 507,778	\$ 110,170

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

**MILTON TOWNSHIP
WAYNE COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash receipts:				
Local taxes	\$ 38,277	\$ 174,905	\$ 10,366	\$ 223,548
Intergovernmental	92,855	90,551		183,406
Interest	14,647	1,117		15,764
Refunds		6,750		6,750
Miscellaneous	781	8,480		9,261
Total cash receipts	<u>146,560</u>	<u>281,803</u>	<u>10,366</u>	<u>438,729</u>
Cash disbursements:				
Current:				
General government	54,067			54,067
Public safety		52,527		52,527
Public works	16,415	138,676		155,091
Health	10,109			10,109
Capital outlay		15,000		15,000
Debt service:				
Principal retirement			36,731	36,731
Interest charges			2,754	2,754
Total cash disbursements	<u>80,591</u>	<u>206,203</u>	<u>39,485</u>	<u>326,279</u>
Total cash receipts over/(under) cash disbursements	<u>65,969</u>	<u>75,600</u>	<u>(29,119)</u>	<u>112,450</u>
Other financing receipts/(disbursements):				
Transfer-in			18,754	18,754
Transfer-out	(18,754)			(18,754)
Other financing sources	1,515			1,515
Total other financing receipts/(disbursements)	<u>(17,239)</u>	<u>-</u>	<u>18,754</u>	<u>1,515</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	48,730	75,600	(10,365)	113,965
Cash fund balances, January 1, 1998	<u>74,261</u>	<u>158,220</u>	<u>10,365</u>	<u>242,846</u>
Cash fund balances, December 31, 1998	<u>\$ 122,991</u>	<u>\$ 233,820</u>	<u>\$ -</u>	<u>\$ 356,811</u>

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

MILTON TOWNSHIP
WAYNE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1998

Fund Types	Receipts			Disbursements					Variance Favorable (Unfavorable)
	Budget	Actual 1998 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	1998 Appropriations	Total	Actual 1998 Disbursements	Encumbrances Outstanding at 12/31/98	
Governmental:									
General	\$ 140,678	\$ 148,075	\$ 7,397	\$ -	\$ 212,404	\$ 212,404	\$ 99,345	\$ -	\$ 99,345
Special Revenue	238,804	281,803	22,999	-	398,271	398,271	206,203	-	206,203
Debt Service	29,120	29,120	-	-	39,485	39,485	39,485	-	39,485
Total	\$ 428,602	\$ 458,998	\$ 30,396	\$ -	\$ 650,160	\$ 650,160	\$ 345,033	\$ -	\$ 345,033
(Memorandum Only)									
									\$ 305,127

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

**MILTON TOWNSHIP
WAYNE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

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 have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Township's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Township are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Township.

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.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

**MILTON TOWNSHIP
WAYNE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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

The Township had the following significant special revenue funds:

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

Road and Bridge Fund - This fund receives property tax revenue money which is used to provide street maintenance.

Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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. 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.

**MILTON TOWNSHIP
WAYNE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

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

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 1 to December 31 of the following year. All funds are legally required to be budgeted. The expressed 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 finds 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.

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 the year.

**MILTON TOWNSHIP
WAYNE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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

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 fiscal 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 succeeding fiscal year and need not be reappropriated. The Township had no outstanding encumbrances at December 31, 1999 or 1998.

D. 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. Interest income earned and received by the Township totaled \$13,121 and \$15,764, for the years ended December 31, 1999 and 1998, respectively.

E. 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.

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Township's cash basis method of accounting.

**MILTON TOWNSHIP
WAYNE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

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

G. 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.

H. INTERFUND TRANSACTIONS

During the course of normal operations, the Township had transactions between funds. The most significant include:

Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains individual cash balances in bank accounts and short-term cash equivalents classified as "Cash and Cash Equivalents" on the Statement of Fund Balances.

A. LEGAL REQUIREMENTS

Statutes require the classifications of funds held by the Township into three categories:

Category 1 consists of active funds - those funds required to be kept in a cash or cash equivalent status for immediate use by the Township. Such funds must be maintained either as cash in the Township treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

**MILTON TOWNSHIP
WAYNE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Category 2 consists of inactive funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of interim funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency, or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

**MILTON TOWNSHIP
WAYNE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

The Township may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default principal, interest or coupons;
3. Obligations to the Township.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the Township has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township and must be purchased with the expectation that it will be held to maturity.

B. DEPOSITS

For the years ended December 31, 1999 and 1998, the carrying amount of the Township's deposits, were \$66,453 and \$68,768, respectively, and the bank balances were \$86,975 and \$75,145, respectively. Of the bank balance: \$86,975 and \$75,145 was covered by federal depository insurance for 1999 and 1998, respectively.

**MILTON TOWNSHIP
WAYNE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

C. INVESTMENTS

Investments are categorized as follows:

- Category 1 - Insured or registered, or securities held by the Township or its agent in the Township's name.
- Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
- Category 3 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.

The Township invested in STAR Ohio in 1999 and 1998. Investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form and therefore are not categorized as to the level of risk assumed by the Township. The Township's investments at December 31, 1999 and 1998 are summarized below:

	1999		1998	
	Carrying Amount	Market Value	Carrying Amount	Market Value
STAR Ohio	\$223,820	\$223,820	\$288,043	\$288,043
Total Investments	\$223,820	\$223,820	\$288,043	\$288,043

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure the repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

**MILTON TOWNSHIP
WAYNE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 4 - INTERFUND TRANSACTIONS

The Township had the following operating transfers in 1998:

	<u>Transfer In</u>	<u>Transfer Out</u>
<u>GENERAL FUND</u>		\$18,754
<u>DEBT SERVICE FUND</u>	\$18,754	_____
Totals	<u>\$18,754</u>	<u>\$18,754</u>

NOTE 5 - DEBT OBLIGATIONS

At December 31, 1998, all of the Township's debt obligations were retired.

Transactions for the year ended December 31, 1998 are summarized as follows:

<u>Description</u>	<u>Balance at December 31, 1997</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at December 31, 1998</u>
Note - Property	<u>\$36,731</u>	<u>\$ 0</u>	<u>\$36,731</u>	<u>\$ 0</u>
Total	<u>\$36,731</u>	<u>\$ 0</u>	<u>\$36,731</u>	<u>\$ 0</u>

NOTE 6 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding 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 to 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.

Tangible personal property tax is assessed by the property owners, who must file a list of 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.

**MILTON TOWNSHIP
WAYNE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 7 - DEFINED BENEFIT PENSION PLAN

PUBLIC EMPLOYEES RETIREMENT SYSTEM

All Township full-time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public retirement system created by the State of Ohio. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 1999 and 1998 was 8.5 percent for all employees. The employer contribution rate was 13.55 percent of covered payroll. As of December 31, 1999 all of the Township's 1999 and 1998 liability for PERS was paid.

NOTE 8 - CONTINGENT LIABILITY

LITIGATION

The Township is not currently involved in any litigation.

TRIMBLE, JULIAN & GRUBE, INC.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of Milton Township as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 25, 2000. We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

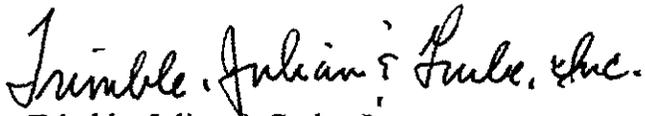
Compliance

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

Internal Control Over Financial Reporting

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

This report is intended 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.


Trimble, Julian & Grube, Inc.
May 25, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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.

By: Susan Babbitt

Date: JULY 6, 2000