



**Auditor of State
Betty Montgomery**

MILTON TOWNSHIP
JACKSON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings.....	17

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Milton Township
Jackson County
276 Braley Road
Wellston, Ohio 45692

To the Board of Trustees:

We have audited the accompanying financial statements of Milton Township, Jackson County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001. 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 audit.

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

Ohio law requires that interest earned on subdivision monies be credited to the general fund of the subdivision with certain exceptions. In 2001, the Township credited \$6,485 in interest earned on a certificate of deposit that did not fall under any of the aforementioned exceptions to the Sales Tax Fund, a Special Revenue fund. Had the interest been credited to the correct fund, the effect would have been to increase the December 31, 2001 General Fund balance by \$6,485 to \$90,947 and to decrease the combined Special Revenue funds' balance by \$6,485 to \$334,181. In 2002, the Township credited \$6,906 in interest earned on a certificate of deposit that did not fall under any of the aforementioned exceptions to the Sales Tax Fund, a Special Revenue fund. Had the interest been credited to the correct fund, the effect would have been to increase the General Fund balance by \$6,906 to \$79,095 and to decrease the combined Special Revenue funds' balance by \$6,906 to \$402,342.

Ohio law also requires that fees collected from a local solid waste facility within the Township be credited to the General Fund. The Township credited fees collected from a local solid waste disposal facility to the Rumpke Fund, a Special Revenue fund. The Township also made expenditures from this fund. For 2001, had the fees and expenditures been properly posted to the General Fund, the effect would have been to increase the General Fund receipts by \$68,187 to \$150,676, expenditures by \$46,078 to \$134,881, and fund balance by \$22,109 to \$106,571. This also would have had the effect of decreasing the combined Special Revenue funds' receipts by \$68,187 to \$153,171, expenditures by \$46,078 to \$128,757, and fund balance by \$22,109 to \$318,557. For 2002, had the fees and expenditures been properly posted to the General Fund, the effect would have been to increase the General Fund receipts by \$54,677 to \$150,096, expenditures by \$66,816 to \$174,508, and decrease fund balance by \$12,139 to \$60,050. This also would have had the effect of decreasing the combined Special Revenue funds' receipts by \$54,677 to \$159,388, expenditures by \$66,816 to \$78,667, and increase fund balance by \$12,139 to \$421,387.

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As described in Note 8, the Township declined to record certain adjustments we proposed in our prior audit of the financial statements for the year ended December 31, 2000. The effect of not posting those adjustments has resulted in an understatement of the January 1, 2001 fund cash balance of \$10,903 in the General Fund; an overstatement of the January 1, 2001 fund cash balances of \$30,386 of the combined Special Revenue Funds, and an understatement of the January 1, 2001 fund cash balances of \$19,482 in the Expendable Trust Funds.

The combined effect of the adjustments described in the three preceding paragraphs results in an understatement in the December 31, 2002 General Fund cash balance of \$34,264; an overstatement in the combined Special Revenue Funds' cash balance of \$53,747; and an understatement of the Expendable Trust Fund cash balance of \$19,482.

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, because of the effects of the matters referred to in paragraphs three through six above, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances of Milton Township, Jackson County, as of December 31, 2002 and 2001, 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 September 29, 2003 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 audit.

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.



Betty Montgomery
Auditor of State

September 29, 2003

MILTON TOWNSHIP
JACKSON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Local Taxes	\$ 57,280	\$ 20,395	\$	\$ 77,675
Intergovernmental	32,131	127,717		159,848
Licenses, Permits, and Fees		54,677		54,677
Earnings on Investments	3,447	7,754		11,201
Other Revenue	2,561	3,522		6,083
Total Cash Receipts	95,419	214,065		309,484
Cash Disbursements:				
Current:				
General Government	92,615			92,615
Public Safety	14,000			14,000
Public Works		131,525		131,525
Health	1,077	13,958		15,035
Total Cash Disbursements	107,692	145,483		253,175
Total Cash Receipts Over/(Under) Cash Disbursements	(12,273)	68,582		56,309
Fund Cash Balances, January 1	84,462	340,666	73,365	498,493
Fund Cash Balances, December 31	\$ 72,189	\$ 409,248	\$ 73,365	\$ 554,802

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

**MILTON TOWNSHIP
JACKSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$ 42,804	\$ 13,612	\$	\$ 56,416
Intergovernmental	33,003	128,539		161,542
Licenses, Permits, and Fees		50,463		50,463
Earnings on Investments	4,235	8,090		12,325
Other Revenue	2,447	20,654		23,101
Total Cash Receipts	<u>82,489</u>	<u>221,358</u>		<u>303,847</u>
Cash Disbursements:				
Current:				
General Government	73,660			73,660
Public Safety	14,000			14,000
Public Works		131,848		131,848
Health	1,143	6,678		7,821
Capital Outlay		36,309		36,309
Total Cash Disbursements	<u>88,803</u>	<u>174,835</u>		<u>263,638</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(6,314)</u>	<u>46,523</u>		<u>40,209</u>
Other Financing Sources:				
Sale of Fixed Assets			73,365	73,365
Total Other Financing Sources			<u>73,365</u>	<u>73,365</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements	(6,314)	46,523	73,365	113,574
Fund Cash Balances, January 1 (Restated)	<u>90,776</u>	<u>294,143</u>	<u>-</u>	<u>384,919</u>
Fund Cash Balances, December 31	<u>\$ 84,462</u>	<u>\$ 340,666</u>	<u>\$ 73,365</u>	<u>\$ 498,493</u>

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

**MILTON TOWNSHIP
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

C. Cash and Investments

The Township had a primary checking account, a savings account, and certificates of deposit during the audit period. Certificate of deposits are valued at cost.

D. Fund Accounting

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

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 monies for constructing, maintaining and repairing Township roads.

Cemetery Fund - This fund receives tax monies for maintaining the Township cemeteries.

**MILTON TOWNSHIP
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Funds:

ODOT Fund – This fund received money from the sale of land and a garage that was sold to the Ohio Department of Transportation (ODOT) for the construction of the Routes 32/327 interchange. The Township will use the proceeds to purchase land and construct a new Township hall and garage.

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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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. Encumbrances outstanding at year end are canceled and re-appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**MILTON TOWNSHIP
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 AND INVESTMENTS

The Township maintains a cash and investments 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:

	2002	2001
Demand deposits	\$ 407,224	\$ 357,821
Certificates of deposit	147,578	140,672
Total deposits	\$ 554,802	\$ 498,493
U.S. Treasury Notes		

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation, except at December 31, 2001, \$151,896 and at December 31, 2002, \$213,918 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 85,000	\$ 95,419	\$ 10,419
Special Revenue	213,215	214,065	850
Capital Projects	0	0	0
Total	\$ 298,215	\$ 309,484	\$ 11,269

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 167,700	\$ 107,692	\$ 60,008
Special Revenue	530,000	145,483	384,517
Capital Projects	73,000	0	73,000
Total	\$ 770,700	\$ 253,175	\$ 517,525

**MILTON TOWNSHIP
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 84,000	\$ 82,489	\$ (1,511)
Special Revenue	211,700	221,358	9,658
Capital Projects	0	73,365	73,365
Total	\$ 295,700	\$ 377,212	\$ 81,512

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 162,400	\$ 88,803	\$ 73,597
Special Revenue	455,100	174,835	280,265
Capital Projects	0	0	0
Total	\$ 617,500	\$ 263,638	\$ 353,862

4. 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.

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 such property to the County by each April 30.

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

5. SALES TAX

In prior years, the Jackson County Commissioners imposed a tax on certain retail sales made in Jackson County. Vendors remit this tax to the State. The County then receives its share from the State. The County credits half of this to its General Fund and distributes the other half to the various taxing districts in Jackson County for capital improvement projects and road construction, maintenance and repair. Milton Township received \$64,265 in 2001 and \$65,226 in 2002 from this sales tax.

**MILTON TOWNSHIP
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The 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 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

7. RISK POOL MEMBERSHIP

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

Casualty Coverage

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

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

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

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

**MILTON TOWNSHIP
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. RISK POOL MEMBERSHIP (Continued)

Financial Position

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

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$23,757,036	\$23,703,776
Liabilities	(9,197,512)	(9,379,003)
Retained earnings	<u>\$14,559,524</u>	<u>\$14,324,773</u>

<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$6,596,996	\$5,011,131
Liabilities	(1,204,326)	(647,667)
Retained earnings	<u>\$5,392,670</u>	<u>\$4,363,464</u>

8. PRIOR PERIOD RESTATEMENT

The following restatement resulted from the Township declining to post prior audit adjustments:

Fund	Fund cash as previously reported as of December 31, 2000	Adjustment	Restated fund cash balance, January 1, 2001
General	\$101,679	\$(10,903)	\$90,776
Special Revenue Funds:			
Cemetery	40,577	19,687	60,264
Rumpke	0	11,249	11,249
Special Revenue Trust	550	(550)	0
Other Special Revenue Funds	<u>222,630</u>	<u>0</u>	<u>222,630</u>
Total Special Revenue Funds	<u>\$263,757</u>	<u>\$30,386</u>	<u>\$294,143</u>
Expendable Trust Fund:			
Mt. Carmel Expendable Trust	<u>\$19,482</u>	<u>(\$19,482)</u>	<u>\$0</u>
Total Expendable Trust Fund	<u>\$19,482</u>	<u>(\$19,482)</u>	<u>\$0</u>



**Auditor of State
Betty Montgomery**

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

Milton Township
Jackson County
276 Braley Road
Wellston, Ohio 45692

To the Board of Trustees:

We have audited the accompanying financial statements of Milton Township, Jackson County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 29, 2003, wherein we stated that the financial statements were not fairly presented since certain receipts were not posted to the funds required by Ohio law. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2002-001 through 2002-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated September 29, 2003.

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 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated September 29, 2003.

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This report is intended solely 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.

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

Betty Montgomery
Auditor of State

September 29, 2003

MILTON TOWNSHIP
JACKSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001

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

FINDING NUMBER 2002-001

Noncompliance Citation

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

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

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

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

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

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

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

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

**MILTON TOWNSHIP
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

FINDING NUMBER 2002-002

Noncompliance Citation

Ohio Rev. Code Section 135.18 provides that the treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

The Township's balance on deposit throughout the audit period was over \$100,000. Balances up to \$100,000 were secured by the Federal Deposit Insurance Corporation. Collateral pledged by the bank was less than uninsured deposits by \$151,896 and \$213,918 at December 31, 2001 and 2002, respectively.

We recommend the Clerk periodically review the Township's depository balances and obtain a report from the depository to ensure that these balances will be adequately secured with allowable securities.

FINDING NUMBER 2002-003

Finding for Adjustment

Ohio Rev. Code Sections 135.21 and 5705.10 require all interest earned on money belonging in the treasury of the subdivision be credited to the general fund of the subdivision with certain exceptions.

The Township earned \$6,485 interest in 2001 and \$6,906 interest in 2002 on a certificate of deposit. The Clerk credited this interest to the Sales Tax Fund. This does not meet any of the exceptions to crediting interest to the General Fund. The financial statements have not been adjusted.

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the Sales Tax Fund in the amount of \$13,391 in favor of the General Fund.

We recommend the Clerk make this adjustment to the records of the Township.

**MILTON TOWNSHIP
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

FINDING NUMBER 2002-004

Finding for Adjustment

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

The Township received fees of \$49,763 in 2001 and \$51,927 in 2002 from a local solid waste disposal facility. These fees were not credited to the general fund. These fees, as well as a FEMA reimbursement of \$16,781 in 2001 and miscellaneous receipts of \$1,643 in 2001 and \$2,750 in 2002, were credited to the Rumpke Fund which is a special revenue fund. The Township made expenditures of \$46,078 in 2001 and \$66,816 in 2002 from this fund. This fund had a balance at January 1, 2001 of \$11,249 and a balance at December 31, 2002 of \$21,219.

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the Rumpke Fund in the amount of \$21,219 and in favor of the General Fund.

We recommend the Clerk make this adjustment to the records of the Township. We also recommend that all fees collected under this section be credited to the General Fund of the Township.

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**MILTON TOWNSHIP
JACKSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-40740-001	Revised Code Section 5705.41 (D) –failure to certify funds.	No	Not Corrected – Reissued as Finding 2002-001
2000-40740-002	Revised Code Section 135.18 and 135.181 – inadequate depository insurance.	No	Not Corrected – Reissued as Finding 2002-002



**Auditor of State
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800-282-0370

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MILTON TOWNSHIP

JACKSON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 6, 2003**