



OHIO AUDITOR OF STATE  
**KEITH FABER**





MIDDLETON TOWNSHIP  
WOOD COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2019 .....	5
Notes to the Financial Statements For the Year Ended December 31, 2019.....	6
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2018 .....	11
Notes to the Financial Statements For the Year Ended December 31, 2018.....	12
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17
Schedule of Findings.....	19

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Middleton Township  
Wood County  
21745 North Dixie Highway  
Bowling Green, Ohio 43402

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Middleton Township, Wood County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Middleton Township, Wood County, Ohio as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 10, 2020

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**Middleton Township**  
Wood County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$154,131	\$1,330,049		\$1,484,180
Intergovernmental	43,193	319,810		363,003
Special Assessments		74,038		74,038
Charges for Services		22,500		22,500
Licenses, Permits, and Fees	84,252			84,252
Earnings on Investments	54,034	3,977		58,011
Miscellaneous	15,316	8,727		24,043
<i>Total Cash Receipts</i>	<u>350,926</u>	<u>1,759,101</u>		<u>2,110,027</u>
<b>Cash Disbursements</b>				
Current:				
General Government	271,279	120,787		392,066
Public Safety		914,224		914,224
Public Works	19,616	322,874		342,490
Health	17,755			17,755
Capital Outlay	31,089	741,577		772,666
<i>Total Cash Disbursements</i>	<u>339,739</u>	<u>2,099,462</u>		<u>2,439,201</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>11,187</u>	<u>(340,361)</u>		<u>(329,174)</u>
<b>Other Financing Receipts</b>				
Sale of Capital Assets			\$8,788	8,788
Other Financing Sources	5,000	1,900		6,900
<i>Total Other Financing Receipts</i>	<u>5,000</u>	<u>1,900</u>	<u>8,788</u>	<u>15,688</u>
<i>Net Change in Fund Cash Balances</i>	16,187	(338,461)	8,788	(313,486)
<i>Fund Cash Balances, January 1</i>	<u>238,885</u>	<u>4,354,236</u>		<u>4,593,121</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		4,015,775	8,788	4,024,563
Assigned	107,230			107,230
Unassigned	147,842			147,842
<i>Fund Cash Balances, December 31</i>	<u>\$255,072</u>	<u>\$4,015,775</u>	<u>\$8,788</u>	<u>\$4,279,635</u>

See accompanying notes to the basic financial statements

**MIDDLETON TOWNSHIP  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Middleton Township, Wood County, Ohio (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical services.

**Public Entity Risk Pool**

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA provides property and casualty coverage for its members. Note 6 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

**Basis of Presentation**

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are organized on a fund type basis.

**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. The funds of the Township are presented below:

**General Fund** The General Fund accounts for and reports all financial resources not accounted for and reported 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 account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

**Road and Bridge Fund** - This fund receives property tax money to pay for constructing, maintaining, and repairing Township roads and bridges.

**Fire Levy Fund** - This fund receives levied monies to provide Fire equipment and services to Township residents.

**EMS Levy Fund** - This fund receives levied monies to provide EMS equipment and services to Township residents.

**Capital Project Fund** The fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

**Miscellaneous Capital Projects Fund** - This fund accounts for and reports monies allocated to capital outlay expenditures or purchases and sales of Township capital assets.

**MIDDLETON TOWNSHIP  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit

**Budgetary Process**

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

**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. Appropriations lapse at year-end.

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

**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 reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

**Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**Capital Assets**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable** The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**Restricted** Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**MIDDLETON TOWNSHIP  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Committed** Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the General Fund report all fund balances as assigned unless they are restricted or committed. In the General Fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$286,608	\$355,926	\$69,318
Special Revenue	1,698,182	1,761,001	62,819
Capital Projects	8,788	8,788	
Total	\$1,993,578	\$2,125,715	\$132,137

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$503,000	\$339,739	\$163,261
Special Revenue	4,281,109	2,099,462	2,181,647
Total	\$4,784,109	\$2,439,201	\$2,344,908

**Note 4 – Deposits**

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

**MIDDLETON TOWNSHIP  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

	2019
Demand deposits	\$3,298,201
Certificates of deposit	681,434
Money Market	300,000
Total deposits	\$4,279,635

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

**Note 6 – Risk Pool Membership**

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

**MIDDLETON TOWNSHIP  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Note 7 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 9 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 10 – Compliance**

Contrary to Ohio law, the Township recorded \$8,788 in proceeds from the sale of capital assets in the EMS Levy Fund instead of the Capital Projects Fund.

**Middleton Township**  
Wood County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2018

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$148,798	\$1,288,617	\$1,437,415
Intergovernmental	57,329	300,445	357,774
Special Assessments		83,021	83,021
Charges for Services		32,500	32,500
Licenses, Permits, and Fees	83,730		83,730
Earnings on Investments	36,933	2,488	39,421
Miscellaneous	8,636	8,767	17,403
<i>Total Cash Receipts</i>	<u>335,426</u>	<u>1,715,838</u>	<u>2,051,264</u>
<b>Cash Disbursements</b>			
Current:			
General Government	274,122	100,706	374,828
Public Safety		816,454	816,454
Public Works	7,078	400,039	407,117
Health	17,455		17,455
Capital Outlay	13,017	297,800	310,817
<i>Total Cash Disbursements</i>	<u>311,672</u>	<u>1,614,999</u>	<u>1,926,671</u>
<i>Excess of Receipts Over Disbursements</i>	<u>23,754</u>	<u>100,839</u>	<u>124,593</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In		1,000	1,000
Advances Out	(1,000)		(1,000)
Other Financing Sources	10,651	102	10,753
Other Financing Uses	(1)		(1)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>9,650</u>	<u>1,102</u>	<u>10,752</u>
<i>Net Change in Fund Cash Balances</i>	33,404	101,941	135,345
<i>Fund Cash Balances, January 1</i>	<u>205,481</u>	<u>4,252,295</u>	<u>4,457,776</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		4,354,236	4,354,236
Assigned	216,392		216,392
Unassigned	22,493		22,493
<i>Fund Cash Balances, December 31</i>	<u>\$238,885</u>	<u>\$4,354,236</u>	<u>\$4,593,121</u>

See accompanying notes to the basic financial statements

**MIDDLETON TOWNSHIP  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Middleton Township, Wood County, Ohio (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical services.

**Public Entity Risk Pool**

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA provides property and casualty coverage for its members. Note 6 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

**Basis of Presentation**

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are organized on a fund type basis.

**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. The funds of the Township are presented below:

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**Road and Bridge Fund** - This fund receives property tax money to pay for constructing, maintaining, and repairing Township roads and bridges.

**Fire Levy Fund** - This fund receives levied monies to provide Fire equipment and services to Township residents.

**EMS Levy Fund** - This fund receives levied monies to provide EMS equipment and services to Township residents.

**Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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).



**MIDDLETON TOWNSHIP  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit

**Budgetary Process**

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

**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. Appropriations lapse at year-end.

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

**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 reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

**Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**Capital Assets**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable** The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**Restricted** Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**MIDDLETON TOWNSHIP  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the General Fund report all fund balances as assigned unless they are restricted or committed. In the General Fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$268,122	\$346,077	\$77,955
Special Revenue	1,675,174	1,716,940	41,766
Total	\$1,943,296	\$2,063,017	\$119,721

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$519,450	\$312,673	\$206,777
Special Revenue	3,925,260	1,614,999	2,310,261
Total	\$4,444,710	\$1,927,672	\$2,517,038

**Note 4 – Deposits**

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

	2018
Demand deposits	\$3,623,121
Certificates of deposit	670,000
Money Market	300,000
Total deposits	\$4,593,121

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

**MIDDLETON TOWNSHIP  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

**Note 6 – Risk Pool Membership**

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

**Note 7 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

The Township’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2018.

**MIDDLETON TOWNSHIP  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 1.0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 9 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Middleton Township  
Wood County  
21745 North Dixie Highway  
Bowling Green, Ohio 43402

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Middleton Township, Wood County, Ohio, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon date December 10, 2020 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2019-001 and 2019-002 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-002.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 10, 2020

**MIDDLETON TOWNSHIP  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2019-001**

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

Subsequent year appropriations over estimated receipts within the General fund of \$107,230 and \$216,392 were improperly accounted for as unassigned rather than assigned in 2019 and 2018, respectively.

This error was the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Board of Trustees making misinformed decisions. The accompanying financial statements have been adjusted to correct this error. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$14 to \$42,434 that we have brought to the Township's attention.

To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Trustees, to identify and correct errors and omissions. In addition, the Fiscal Officer should review Ohio Auditor of State Audit Bulletin 20110004 for guidance on GASB Statement No. 54.

**FINDING NUMBER 2019-002**

**Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(F)** requires revenue received from the sale of a permanent improvement to be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements. **Ohio Rev. Code § 5705.01(E)** defines "permanent improvement" or "improvement" to mean any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more.

Due to a deficiency in the implementation of controls over the sale and recording of assets, in 2019, the Township inappropriately recorded \$8,788 from the sale of equipment in the EMS Levy Fund. Given the source of the revenue, this should have been recorded in the Capital Projects Fund. Audit adjustments are reflected in the financial statements and in the accounting records to correct this misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors.

The Township should implement controls to help ensure all transactions are reviewed and posted to the proper funds

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.



# OHIO AUDITOR OF STATE KEITH FABER



**MIDDLETON TOWNSHIP**

**WOOD COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 1/5/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)