

---

*ALGER & ASSOCIATES, Inc.*



*PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES*

---

**MILTON TOWNSHIP**

**WAYNE COUNTY**

**REGULAR AUDIT**

**A&A**

FOR THE YEARS ENDED

DECEMBER 31, 2019 - 2018

6927 Burgundy Ave NW  
North Canton, OH 44720  
Phone (330) 353-5851  
Fax (330) 768-7574



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPARreport@ohioauditor.gov  
(800) 282-0370

Board of Township Trustees  
Milton Township  
P. O. Box 205  
13845 Kauffman Ave  
Sterling, Ohio 44276

We have reviewed the *Independent Auditor's Report* of Milton Township, Wayne County, prepared by Alger & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

January 6, 2021

**This page intentionally left blank.**

MILTON TOWNSHIP  
WAYNE COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor’s Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2019.....	3
2019 Notes to the Financial Statements.....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2018.....	11
2018 Notes to the Financial Statements.....	13
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19
Schedule of Audit Findings .....	21

*This page intentionally left blank*



***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

---

## INDEPENDENT AUDITOR'S REPORT

Milton Township  
Wayne County  
P.O. Box 205  
13845 Kauffman Ave.  
Sterling, OH 44276

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 Milton Township, Wayne County, Ohio (the Township) as of and for the years ended December 31, 2019 and December 31, 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.

6927 Burgundy Ave. NW  
North Canton, OH 44720  
Phone - 330-353-5851  
FAX - 330-768-7574

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 December 31, 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 the Milton Township, Wayne County as of December 31, 2019 and December 31, 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 10 to the financial statements, during 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding his matter.

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

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 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.

Karen S Alger, CPA

Digitally signed by Karen S Alger, CPA  
DN: cn=Karen S Alger, CPA, o=Alger & Associates,  
Inc., ou, email=ksalger46@att.net, c=US  
Date: 2020.12.15 19:14:16 -0500

Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio

December 15, 2020



**Milton Township**  
**Wayne County, Ohio**  
*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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$28,503	\$398,752	\$427,255
Charges for Services		16,138	16,138
Licenses, Permits and Fees	10,819	51,811	62,630
Intergovernmental	46,316	196,630	242,946
Earnings on Investments	3,000	267	3,267
Miscellaneous	4,419	1,241	5,660
<i>Total Cash Receipts</i>	<u>93,057</u>	<u>664,839</u>	<u>757,896</u>
<b>Cash Disbursements</b>			
Current:			
General Government	68,923		68,923
Public Safety		233,050	233,050
Public Works	4,455	298,345	302,800
Health	17,461		17,461
Conservation-Recreation	1,296		1,296
Capital Outlay		41,172	41,172
<i>Total Cash Disbursements</i>	<u>92,135</u>	<u>572,567</u>	<u>664,702</u>
<i>Excess of Receipts Over Disbursements</i>	<u>922</u>	<u>92,272</u>	<u>93,194</u>
<b>Other Financing Receipts</b>			
Advances In	10,000	10,000	20,000
Advances Out	(10,000)	(10,000)	(20,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	922	92,272	93,194
<i>Fund Cash Balances, January 1</i>	<u>3,055</u>	<u>411,949</u>	<u>415,004</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		504,221	504,221
Assigned	3,248		3,248
Unassigned	729		729
<i>Fund Cash Balances, December 31</i>	<u>\$3,977</u>	<u>\$504,221</u>	<u>\$508,198</u>

See accompanying notes to the basic financial statements

*This page intentionally left blank*

**Milton Township**  
Wayne 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 Milton Township, Wayne County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township has an elected Township Fiscal Officer. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with City of Rittman, Wayne County Ohio, to provide primary fire services and Emergency Medical Service to a specific portion of the Township.

**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.

***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 & Bridge Fund:*** The road and bridge fund accounts for and reports the two property tax funds designated for repair and maintenance to the Township roads and bridges.

***Fire District Fund:*** The Sterling Fire District is comprised of the unincorporated portions of Milton Township and was established in 1993. The Fire District Fund accounts for and reports two tax levy funds which were passed to support the Fire and Emergency Medical Services resources of the Township.

***Gasoline Tax Fund:*** The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Motor Vehicle License Tax Fund*** The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

***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.

**Milton Township**  
Wayne County  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 2 – Summary of Significant Accounting Policies** *(continued)*

***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. Unencumbered appropriations lapse at year-end.

***Estimated Resources:*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be reappropriated.

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. The Township invest in interest bearing checking account.

***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.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***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.

**Milton Township**  
Wayne County  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

**Fund Balance (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, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,782	\$93,057	(\$7,725)
Special Revenue	636,880	664,839	27,959
Total	\$737,662	\$757,896	\$20,234

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$95,226	\$93,009	\$2,217
Special Revenue	1,041,536	574,275	467,261
Total	\$1,136,762	\$667,284	\$469,478

**Note 4 – Deposits and Investments**

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

	2019
Demand deposits	\$508,198

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Milton Township**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

**Note 6 – Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some 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.

***Social Security***

Several Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

**Note 8 – Postemployment Benefits**

OPERS offer 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 – Contingent Liabilities**

The Township was not part of any lawsuits in 2019.

**Milton Township**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 10 – Subsequent Events**

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

*This page intentionally left blank*



**Milton Township**  
**Wayne County, Ohio**  
*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	\$29,477	\$393,592	\$423,069
Licenses, Permits and Fees	10,109	62,054	72,163
Intergovernmental	46,609	187,564	234,173
Earnings on Investments	2,266	144	2,410
Miscellaneous	1,582	36,650	38,232
<i>Total Cash Receipts</i>	<u>90,043</u>	<u>680,004</u>	<u>770,047</u>
<b>Cash Disbursements</b>			
Current:			
General Government	80,501		80,501
Public Safety		228,184	228,184
Public Works	6,825	343,847	350,672
Health	19,424		19,424
Conservation-Recreation	2,741		2,741
Capital Outlay		178,427	178,427
<i>Total Cash Disbursements</i>	<u>109,491</u>	<u>750,458</u>	<u>859,949</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(19,448)</u>	<u>(70,454)</u>	<u>(89,902)</u>
<b>Other Financing Receipts</b>			
Sale of Capital Assets		22,800	22,800
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>22,800</u>	<u>22,800</u>
<i>Net Change in Fund Cash Balances</i>	(19,448)	(47,654)	(67,102)
<i>Fund Cash Balances, January 1 (refer to note 3 fund balance adjustment)</i>	<u>22,503</u>	<u>459,603</u>	<u>482,106</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		411,949	411,949
Unassigned	3,055		3,055
<i>Fund Cash Balances, December 31</i>	<u>\$3,055</u>	<u>\$411,949</u>	<u>\$415,004</u>

See accompanying notes to the basic financial statements

*This page intentionally left blank*

**Milton Township**  
Wayne 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 Milton Township, Wayne County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township has an elected Township Fiscal Officer. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with City of Rittman, Wayne County Ohio, to provide primary fire services and Emergency Medical Service to a specific portion of the Township.

**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.

***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 & Bridge Fund:*** The road and bridge fund accounts for and reports the two property tax funds designated for repair and maintenance to the Township roads and bridges.

***Fire District Fund:*** The Sterling Fire District is comprised of the unincorporated portions of Milton Township and was established in 1993. The Fire District Fund accounts for and reports two tax levy funds which were passed to support the Fire and Emergency Medical Services resources of the Township.

***Gasoline Tax Fund:*** The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Motor Vehicle License Tax Fund*** The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

***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.

**Milton Township**  
Wayne County  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 2 – Summary of Significant Accounting Policies (continued)**

***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. Unencumbered appropriations lapse at year-end.

***Estimated Resources:*** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 4.

***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. The Township invest in interest bearing checking account.

***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.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***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.

**Milton Township**  
Wayne County  
Notes to the Financial Statements  
For the Year Ended December 31, 2018

**Fund Balance (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 – Prior Period Fund Adjustment**

*Restatement of Fund Balance*

The Township voided an outstanding check for an amount of \$146 from the prior year expenditures and increased \$2,424 of prior year transactions for OPERS payment not posted to accounting system. The restatements had the following effect on the fund balances of the Governmental funds as it was previously reported:

	General	Special Revenue	Total Funds
Fund Balance at December 31, 2017	\$ 23,243	\$ 461,141	\$ 484,384
Prior Year Transaction Not Posted - OPERS	\$ (740)	\$ (1,684)	\$ (2,424)
Voided Prior Year Warrant	\$ -	\$ 146	\$ 146
Adjusted Fund Balance at December 31, 2017	\$ 22,503	\$ 459,603	\$ 482,106

**Note 4 – 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	\$114,150	\$90,043	(\$24,107)
Special Revenue	621,940	702,804	80,864
Total	\$736,090	\$792,847	\$56,757

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$136,145	\$110,745	\$25,400
Special Revenue	1,061,509	752,311	309,198
Total	\$1,197,654	\$863,056	\$334,598

**Milton Township**  
Wayne County  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 5 – Deposits and Investments**

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

	2018
Demand deposits	<u>\$415,004</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

**Note 7 – Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some 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.

***Social Security***

Several Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**Milton Township**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 9 – Postemployment Benefits**

OPERS offer 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 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 9 - Leases**

The Township has a lease to own agreement for a Road Department vehicle. The Township disbursed \$37,995 to pay the final lease costs for the year ended December 31, 2018.

**Note 10 – Contingent Liabilities**

The Township was not part of any lawsuits in 2018.

*This page intentionally left blank*





**ALGER & ASSOCIATES, Inc.**

***Certified Public Accountants***

---

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

Milton Township  
Wayne County  
P.O. Box 205  
13845 Kauffman Ave.  
Sterling, OH 44276

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 the Milton Township, Wayne County, Ohio (the Township) as of and for the years ended December 31, 2019 and December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated December 15, 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. In addition, as disclosed in Note 10, the United States and the State of Ohio declared a state of emergency in March, 2020 due to the COVID-19 pandemic. The ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion(s) 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2019-001 and 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 communication is not suitable for any other purpose.

**Karen S**  
**Alger, CPA**



Digitally signed by Karen S Alger,  
CPA  
DN: cn=Karen S Alger, CPA,  
o=Alger & Associates, Inc, ou,  
email=ksalger46@att.net, c=US  
Date: 2020.12.15 19:14:00 -05'00'

**Alger & Associates, Inc.**  
Certified Public Accountants  
North Canton, Ohio

December 15, 2020

**Milton Township**  
*Wayne County*  
*Schedule of Findings*  
*December 31, 2019 and 2018*

<b>Findings Related to the Financial Statements</b> <b>Required to be Reported in Accordance with GAGAS</b>
--

**FINDING NUMBER 2019-001**

**Noncompliance Citation/Material Weakness**

**Ohio Rev. Code § 5705.10(I)** states money paid into any fund shall be used only for the purposes for which such fund is established.

Auditor of State Bulletin 97-003 sets requirements for entities regarding advances. One requirement is that “In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash for the same purpose for which the fund receiving the cash was established.” There also must be an approval via a formal resolution of the taxing authority of the subdivision which includes a specific statement that the transaction is an advance and an indication of the money (fund) from which it is expected that repayment will be made.

On February 11, 2019 the Township made the following illegal advances:

- \$5,000 from the Road & Bridge fund to the General Fund;
- \$5,000 from the Fire District fund to the General Fund.

The General fund return the advanced the monies, in the amount of \$10,000, back to the Road & Bridge Fund for \$5,000 and the Fire District Fund for \$5,000 on December 31, 2019.

Failure by the Trustees to approve all advances could lead to the movement of money without the knowledge or wishes of the Township's decision-makers.

We recommend that the Township establish procedures to provide that all advances are approved by formal resolution and only advance money from funds with statutory authority to use the money in the receiving fund. For guidance on advance transactions, the Township should review Auditor of State Bulletin 97-003.

**FINDING NUMBER 2019-002**

**Cash Reconciliations/Material Weakness**

In order to ensure the completeness and accuracy of the Township’s accounting records, an adequate system of internal controls requires that monthly reconciliations be performed between the fund ledgers and bank depository.

To be effective, these reconciliations should include a thorough investigation and follow-up of all significant reconciling items.

The process allows you to determine if all items have been recorded and match the postings by the bank at the same amounts. If there is a discrepancy, this can be corrected fairly quickly. The accuracy of the transactions within the system allows the Trustees to have an accurate and up to date information to make the best decisions for the Township.

If information being recorded is incorrect, then Trustees cannot make good financial decisions in order to run their Township appropriately. If sound decisions cannot be made, then public dollars could be misspent. Misspending funds, even unintentionally, could result in deficit fund balances or audit adjustments, both of which could lead the entity being declared in fiscal caution and possibly fiscal watch or fiscal emergency.

**Milton Township**  
*Wayne County*  
*Schedule of Findings*  
*December 31, 2019 and 2018*

**FINDING NUMBER 2019-002** *(continued)*

The Fiscal Officer's financial reports that were submitted to the Trustees for review were not accurate. The Fiscal Officer had made several adjustments with no supporting documentation as to why the adjustments were made to the books throughout the audit period in order to reconcile.

Because we were unable to determine the reasons for the adjustments, the Township hired an outside individual to reconcile the audit period. The results noted 32 adjustments which affected the fund balances of the Township's funds. Because of the Township not being properly reconciled, we obtained a modification to our agreement with the Township to increase the audit costs in order to perform additional audit steps to ensure the Township is properly reconciled as of December 31, 2019 and December 31, 2018.

The following deficiencies and reconciling items were noted in the Township's monthly cash reconciliations:

- 1.) We noted 32 adjustments of which ten OPERS payments posted incorrectly and/or not posted to the ledgers.
- 2.) Several adjustments were made which had no support or documentation indicating the reason for the adjustments.
- 3.) Reconciliations were not always performed on a timely basis. All of the monthly 2018 reconciliations were not completed until December 28, 2018.
- 4.) We noted the Fiscal Officer did not post all the expenditures as noted on the bank statements.

The net effect of the adjustments noted above are as follows:

- a. Decrease of \$1,424 in the General Fund,
- b. Increase of \$4 in the Motor Vehicle License Tax Fund,
- c. Increase of \$44 in the Gasoline Tax Fund,
- d. Decrease of \$1,139 in the Road & Bridge Fund,
- e. Decrease of \$1,788 in the Fire District Fund,
- f. Increase of \$5 in the Permissive Motor Vehicle License Fund.

All adjustments have been properly made to the financial statements and the Township accounting system.

We recommend the Fiscal Officer perform timely reconciliations on a monthly basis. Any deficiencies or reconciling items should immediately be investigated and rectified. Any outstanding checks over a year old should be moved to unclaimed funds in the Agency Fund for a period of five years. After 5 years the money is placed in the general fund and can be spent by the Township. We also recommend the Fiscal Officer post the Township transactions in a timely manner.

Trustees should ensure bank reconciliations are reconciled to the UAN system on a monthly basis. Trustees should also closely monitor the reconciliation process by reviewing and follow-up on any deficiencies or reconciling items.

# OHIO AUDITOR OF STATE KEITH FABER



**MILTON TOWNSHIP**

**WAYNE 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 1/19/2021**

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)