
ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

MILTON TOWNSHIP

WAYNE COUNTY

REGULAR AUDIT

A&A

FOR THE YEAR ENDED

DECEMBER 31, 2021

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North Canton, OH 44720
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OHIO AUDITOR OF STATE
KEITH FABER



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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, 2020 through December 31, 2021. 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. The 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

October 27, 2022

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MILTON TOWNSHIP
WAYNE COUNTY

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Milton Township
Wayne County
PO Box 205
Sterling, Ohio 44276

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Milton Township, Wayne County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021, or the changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 11 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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**

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

October 5, 2022

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MILTON TOWNSHIP
Wayne County
**Combined Statement of Receipts, Disbursements and Changes in Fund
Balances - (Regulatory Cash Basis) All Governmental Fund Types**
For the Year Ended December 31, 2021

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Property and Other Local Taxes	\$32,907	\$458,098	\$491,005
Charges for Services		19,065	19,065
Licenses, Permits and Fees	11,003	64,720	75,723
Intergovernmental	49,885	383,614	433,499
Earnings on Investments	610	96	706
Miscellaneous	5,587	27,367	32,954
<i>Total Cash Receipts</i>	<u>99,992</u>	<u>952,960</u>	<u>1,052,952</u>
Cash Disbursements			
Current:			
General Government	78,009		78,009
Public Safety		297,018	297,018
Public Works	5,679	297,262	302,941
Health	15,454		15,454
Conservation-Recreation	1,786		1,786
Capital Outlay	6,825	90,889	97,714
<i>Total Cash Disbursements</i>	<u>107,753</u>	<u>685,169</u>	<u>792,922</u>
<i>Net Change in Fund Cash Balances</i>	<u>(7,761)</u>	<u>267,791</u>	<u>260,030</u>
<i>Fund Cash Balances , January 1</i>	<u>37,020</u>	<u>522,774</u>	<u>559,794</u>
<i>Fund Cash Balances , December 31</i>	<u><u>\$29,259</u></u>	<u><u>\$790,565</u></u>	<u><u>\$819,824</u></u>

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

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Milton Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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, which are all 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 & 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.

Milton Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies *(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. 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 2021 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 has no investments.

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.

Milton Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Milton Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Compliance

Contrary to ORC §5705.41(B) and §5705.39 The Township had expenditures exceeded appropriations in all funds due to the Fiscal Officer did not file the Township’s 2021 permanent appropriations with the County Budget Commission.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$91,700	\$99,992	\$8,292
Special Revenue	788,830	952,960	164,130
Total	\$880,530	\$1,052,952	\$172,422

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$109,239	(\$109,239)
Special Revenue	0	687,588	(687,588)
Total	\$0	\$796,827	(\$796,827)

Note 5 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

	2021
Demand deposits	\$819,824

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$4,095.67 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

At December 31, 2021, \$331,759 of deposits were not insured or collateralized, contrary to Ohio law.

Milton Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 – Risk Management

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 Township 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 health care 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, 2021.

Social Security

Several Township 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, 2021.

Milton Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 10 – Fund Balances

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	1,486	2,419	3,905
Total	\$1,486	\$2,419	\$3,905

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



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
PO Box 205
Sterling, Ohio 44276

To the Board of Trustees:

We have audited, 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 the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2021 and the related notes to the financial statements of the Milton Township, Wayne County, Ohio (the Township) and have issued our report thereon date October 5, 2022, wherein we noted as described in Note 2 to the financial statements, the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted, as described in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2021-001 through 2021-006 material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings as item 2021-007 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as items 2021-001; 2021-006 and 2021-007.

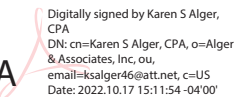
Township's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the findings identified in our audit and described in the accompanying schedule of findings. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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



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

October 5, 2022

Milton Township
Wayne County
Schedule of Findings
December 31, 2021

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS
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FINDING NUMBER 2021-001

Material Weakness/ Noncompliance – Financial Reporting

Ohio Administrative Code §117-2-02(A) states all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

The Township Handbook states in part: “Fiscal Officer must keep an accurate record of the board's proceedings at all meetings, and an accurate record of the township's accounts and transactions.”

We attempted to begin the audit April of 2022 for the audit period 1/1/2020 thru 12/31/2021. This audit was scheduled to be completed by June 30, 2022. The audit report due date was extended twice by the Auditor of State’s office until September 30, 2022. After numerous attempts to obtain the records, we were unable to start the audit until August 2022 due to numerous delays from the Fiscal Officer. We contacted the Trustees and one of the Trustees indicated they did not always receive the financial information necessary for them to make financial decisions.

After several attempts and six months later, we were able to begin the audit with the help of one of the Trustees. When we initially obtained the records, we noted we were missing many of the files necessary to complete the audit. The Fiscal Officer was provided several emails and phone calls with requests for documents but did not respond for two more months thus delaying the audit a total of 8 months.

After two extensions the Fiscal Officer continued to delay the completion of the audit until September 5, 2022 (after the due date).

We recommend the Fiscal Officer maintain the files in a well-defined organizational manner in order to facilitate the preparation for the audit and which will help to address any public records requests and/or requests from the Trustees. The accounting records should be kept up-to-date on a timely basis in order to provide the Trustees with timely information regarding the Township’s financial condition. All reconciliations along with budgetary information and account and fund balances should be provided at each Township meeting.

The Fiscal Officer should also have the Township’s files prepared for an audit timely so the Township’s audit can be completed within the deadline as prescribed by the Auditor of State’s office.

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Milton Township
Wayne County
Schedule of Findings
December 31, 2021

FINDING NUMBER 2021-002

Material Weakness - Cash Reconciliations

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.

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

- 1.) The Fiscal Officer failed to reconcile the Township on a monthly basis. All of the monthly 2021 reconciliations were not completed until March 2022. This deficiency has occurred in the prior two audits also and the Fiscal Officer failed to implement procedures to ensure monthly reconciliations are performed timely.
- 2.) The reconciliation has outstanding checks as far back as 2018 and the Fiscal Officer failed to make the appropriate adjustments and/or moved to an unclaimed funds account.
- 3.) The reconciliation indicates two receipts for a total of \$606.18 as deposit-in-transit items from 2018. A deposit-in-transit generally is listed on the succeeding bank statement. The Fiscal Officer failed to review these for 4 years and continued to note them on the reconciliation.
- 4.) The December 2021 reconciliation includes several adjustments totaling \$1,952.59 (deemed immaterial) without any support. The Fiscal Officer indicated these were payments which cleared the bank but not posted but failed to provide documentation to support this.

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 Custodial 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. The Fiscal Officer should post the transactions in a timely manner.

The Trustees along with the Fiscal Officer should review the two receipts listed as deposit-in-transit and determine their status.

We also recommend the Fiscal Officer ensure bank reconciliations are reconciled to the UAN system on a monthly basis. The Trustees should also closely monitor the reconciliation process by reviewing and follow-up on any deficiencies or reconciling items. If they do not receive the reconciliations at their monthly meeting this should be brought to attention of the Fiscal Officer and noted in the minutes.

Milton Township
Wayne County
Schedule of Findings
December 31, 2021

FINDING NUMBER 2021-003

Material Weakness – Reclassifications

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.

The Township does not have sufficient internal controls in place to help ensure receipts, expenditures, and fund balances are properly classified on the financial statements. As a result, below are descriptions of the reclassifications that were deemed material and required posting to the Township December 31, 2020 financial statement.

- The 2021 financial statements reflected a \$17,188 transfer-in and transfer-out transactions in the Special Revenue Fund. This was not a transfer but a reimbursement for covid-19 expenditures. The expense in the Road & Bridge was made in 2021 therefore the FO should have reduced the expense in R&B fund and charge the expenditure to the CRF fund instead of recording as a transfer-in and transfer-out. The Fire dept expenditure occurred in the prior year 2020 the reimbursement should be reflected as a revenue to the fund receiving the reimbursement and an expenditure to the fund paying reimbursement in the current year 2021. Therefore, the transfer-out in the Coronavirus Relief Fund was reversed and the expenditures of \$17,188 was posted to public safety expenditure account. The transfer-in was reversed and a reduction of expenditure in the Road & Bridge fund for the reimbursed amount of \$687 was posted. The transfer-in of \$16,501 was reversed out of the Fire District fund and posted to the Miscellaneous receipt to reimbursement for the prior year services. The reclassifications were made to the financial statements to reflect the correct accounting method.

The Township did not have procedures in place to record transactions properly. Failure to consistently follow a uniform chart of accounts increases the possibility the Township will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

The Fiscal Officer should maintain the accounting system to enable the Township to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the Township manual chart of accounts to help ensure that financial activity of the Township is accurately recorded and reported.

FINDING NUMBER 2021-004

Material Weakness - Footnotes to the Financial Statements

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.

Milton Township
Wayne County
Schedule of Findings
December 31, 2021

FINDING NUMBER 2021-004 *(continued)*

Material Weakness - Footnotes to the Financial Statements *(continued)*

Footnotes to the financial statements are an integral part to the financial statements and are the responsibility of management for the preparation and fair presentation. On review of the footnotes accompanying the financial statements submitted to the Hinkle system, the following footnotes were missing from the Township’s annual report. All applicable corrections were made.

- Budgetary Activity- the Estimated Receipts Analysis,
- Post-employee Benefits Footnote,
- Fund Balance,
- Changes in Accounting Principles and
- COVID-19.

The accompanying financial statements’ footnotes have been adjusted for these errors. It is possible that the lack of a final financial statement and footnotes review prior to filing may have contributed to these errors not being detected. Financial reporting errors impact the users’ understanding of the financial statements and the ability of the Trustees and management to make sound financial decisions.

Prior to filing, the annual financial statements, the Fiscal Officer should update and review all the footnotes before submitting to the Hinkle system, and accounting records should be reviewed for errors and omissions. The current and updated footnotes are found on the Auditor of State’s website at <https://ohioauditor.gov/references.html>. Notes that are not applicable to the Township should be removed and was in the audit report.

FINDING NUMBER 2021-005

Material Weakness – Budgetary Information – Accounting System

Accurate budgetary information within the Township accounting system is pertinent to ensure that the Township has accurate and complete information for decision-making processes. Upon testing the budgetary compliance, we noted the accounting system’s estimated receipts did not agree to County Auditor Certificate of Estimated Receipts in the following funds.

Fund Name	Fund #	Co Auditor Certificate	Acct’g System	Variance
General Fund	1000	\$91,700	\$101,700	\$10,000
MVLT	2011	\$12,530	\$17,250	\$4,720
Gas Tax	2021	\$150,300	\$160,100	\$9,800
Rd & Bridge	2031	\$270,230	\$284,600	\$14,370
Fire District	2111	\$275,800	\$312,700	\$36,900
Perm MVLT	2231	\$14,035	\$14,150	\$115
Coronavirus	2272	\$30	\$30	\$0
American Rescue	2273	\$0	\$160,164	(\$160,164)

Milton Township
Wayne County
Schedule of Findings
December 31, 2021

FINDING NUMBER 2021-005 *(continued)*

Material Weakness – Budgetary Information – Accounting System *(continued)*

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

Failure to accurately post the estimated resources to the ledgers could result in overspending and negative cash balance. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

The Fiscal Officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the Amended Official Certificate of Estimated Resources to assure they agree. If the amounts do not agree, Council may be using inaccurate information for budgeting and monitoring purposes.

FINDING NUMBER 2021-006

Material Weakness/Noncompliance - Annual Appropriation Measure

Ohio Rev. Code § 5705.41 (B) prohibits a subdivision or taxing unit from making any expenditures of money unless it has been appropriated. **Ohio Rev. Code § 5705.39** provides in part that total appropriations from each fund shall not exceed the total estimated revenue available for expenditure therefrom, as certified by the county budget commission. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimate resources” because it includes unencumbered fund balances.

During **2021**, the Fiscal Officer did not file the Township’s permanent appropriations, nor a temporary measure file with the County Auditor causing budgetary expenditures to exceed appropriations authority in all funds.

We recommend the Township implement procedures to assure the required resolutions/ordinance are timely and properly filed with the County Auditor. We recommend the Trustees and the Fiscal Officer not make any expenditures until appropriations are adopted and filed.

FINDING NUMBER 2021-007

Significant Deficiency /Noncompliance – IRS

26 U.S.C. Section 3402 requires every employer, including the state and its political subdivisions making payments of any compensation to an employee who is a taxpayer, to deduct and withhold from such compensation for each payroll period a tax substantially equivalent to the tax reasonably estimated to be due under this chapter with respect to the amount of such compensation included in his adjusted gross income during the calendar year.

In addition, Ohio Rev. Code Section 5747.06 requires every employer maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a reasonable estimate of the amount of state income tax which will be due.

Milton Township
Wayne County
Schedule of Findings
December 31, 2021

FINDING NUMBER 2021-007 *(continued)*

Significant Deficiency /Noncompliance – IRS *(continued)*

After several requests the Fiscal Officer failed to provide the completed 941's for the audit period thus we were unable to determine if the Fiscal Officer completed the forms and submitted to the Internal Revenue Service.

We recommend the Trustees ensure the Fiscal Officer were completed the 941s and submitted.

13845 Kauffman Avenue
PO Box 205, Sterling, OH 44276

Trustees of Milton Township
Milton Township Road Department
Sterling Fire District



October 10, 2022

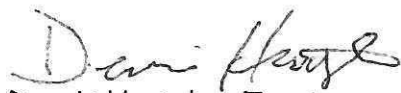
Alger & Associates, Inc
6927 Burgundy Ave NW
North Canton OH 44720

We, the Trustees of Milton Township, have reviewed the following listed documents.

- The draft of the Management Letter from Alger & Associates Inc. CPA
- The draft of the Regular Audit for the Year Ended 12/31/2020
- The draft of the Regular Audit for the Year Ended 12/31/2021

We agree with your reports. We are working a performance improvement plan to address the audit findings.

Sincerely,


Dennis Hartzler, Trustee


Rex Gasser, Trustee


Greg Piatt, Trustee

Trustees: Greg Piatt * Dennis Hartzler * Rex Gasser

Fiscal Officer: Patricia Glessner

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Milton Township

Wayne County

*Schedule of Prior Audit Findings
December 31, 2021*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2020-001	Material Weakness/ Noncompliance – Financial Reporting Ohio Administrative Code §117-2-02(A)	No	Not Corrected repeated as 2021 - 001
2020-002	Material Weakness Cash Reconciliation	No	Not Corrected repeated as 2021 - 002
2020-003	Material Weakness- Reclassification posting transactions correctly	No	Not Corrected repeated as 2021 - 003
2020-004	Material Weakness- Footnotes to the Financial Statements – missing footnotes	No	Not Corrected repeated as 2021 - 004
2020-005	Significant Deficiency /Noncompliance – IRS 26 U.S.C. Section 3402	No	Not Corrected repeated as 2021 - 007

ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

MILTON TOWNSHIP

WAYNE COUNTY

REGULAR AUDIT

A&A

FOR THE YEAR ENDED

DECEMBER 31, 2020

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

MILTON TOWNSHIP
WAYNE COUNTY

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Milton Township
Wayne County
PO Box 205
Wooster, Ohio 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 for each governmental fund type as of and for the year ended December 31, 2020, and the related notes of the Milton Township, Wayne County, Ohio (the Township).

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(C) 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(C), 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(C) 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, 2020, and the respective changes in financial position thereof for the year 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 for each governmental fund type, as of and for the year December 31, 2020, and related notes of the Milton Township, Wayne County in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.


Emphasis of Matter

As discussed in Note 10 to the financial statements, the Township made changes to its reporting model. We did not modify our opinion regarding this matter.

As discussed in Note 11 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 October 5, 2022, 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: 2022.10.17 13:40:06 -04'00'

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

October 5, 2022

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MILTON TOWNSHIP

Wayne County

*Combined Statement of Receipts, Disbursements and Changes in Fund
Balances - (Regulatory Cash Basis) All Governmental Fund Types
For the Year Ended December 31, 2020*

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts			
Property and Other Local Taxes	\$29,290	\$441,780	\$471,070
Charges for Services		19,480	19,480
Licenses, Permits and Fees	11,802	49,517	61,319
Intergovernmental	45,429	384,099	429,528
Earnings on Investments	1,081	233	1,314
Miscellaneous	44,193	4,737	48,930
<i>Total Cash Receipts</i>	<u>131,795</u>	<u>899,846</u>	<u>1,031,641</u>
Cash Disbursements			
Current:			
General Government	75,561		75,561
Public Safety		363,863	363,863
Public Works	5,690	310,781	316,471
Health	16,501		16,501
Conservation-Recreation	1,000		1,000
Capital Outlay		236,149	236,149
<i>Total Cash Disbursements</i>	<u>98,752</u>	<u>910,793</u>	<u>1,009,545</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>33,043</u>	<u>(10,947)</u>	<u>22,096</u>
Other Financing Receipts (Disbursements)			
Sale of Assets		29,500	29,500
<i>Net Change in Fund Cash Balances</i>	<u>33,043</u>	<u>18,553</u>	<u>51,596</u>
<i>Fund Cash Balances , January 1</i>	<u>3,977</u>	<u>504,221</u>	<u>508,198</u>
<i>Fund Cash Balances , December 31</i>	<u><u>\$37,020</u></u>	<u><u>\$522,774</u></u>	<u><u>\$559,794</u></u>

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

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Milton Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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, which are all 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 & 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.

Coronavirus Relief Fund: The coronavirus relief fund accounts for receipts and disbursements from federal grants provided by the Coronavirus Aid, Relief and Economic Security Act (CARES Act).

Milton Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies *(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. 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 2020 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 has no investments.

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.

Milton Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

Milton Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$129,986	\$131,795	\$1,809
Special Revenue	884,599	929,346	44,747
Total	\$1,014,585	\$1,061,141	\$46,556

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$134,135	\$99,870	\$34,265
Special Revenue	1,354,347	913,114	441,233
Total	\$1,488,482	\$1,012,984	\$475,498

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

	2020
Demand deposits	\$559,794

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$5,566.06 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township;

At December 31, 2020, \$59,794 of deposits were not insured or collateralized, contrary to Ohio law.

Milton Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 – Risk Management

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 Township 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 health care 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, 2020.

Social Security

Several Township 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, 2020.

Milton Township
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 9 – Fund Balances

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	1,118	2,321	3,439
Total	\$1,118	\$2,321	\$3,439

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 10 – Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



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
PO Box 205
Sterling, Ohio 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 for each governmental fund type as of and for the years ended December 31, 2020 and the related notes to the financial statements of the Milton Township, Wayne County, Ohio (the Township) and have issued our report thereon dated October 5, 2022, wherein we noted as described in Note 2 to the financial statements, the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. In addition, as described in Note 10 to the financial statements, the Township made changes to its reporting model. Furthermore, we noted as described in Note 11 to the financial statements, 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) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and significant deficiencies.

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 a 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. We consider findings 2020-001 through 2020-004 described in the accompanying schedule of findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2020-005 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, opining 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as items 2020-001 and 2020-005.

Township's Response to Findings

The Township's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not subject the Township's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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: 2022.10.17 13:39:49 -04'00'

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

October 5, 2022

Milton Township
Wayne County
Schedule of Findings
December 31, 2020

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS
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FINDING NUMBER 2020-001

Material Weakness/ Noncompliance – Financial Reporting

Ohio Administrative Code §117-2-02(A) states all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

The Township Handbook states in part: “Fiscal Officer must keep an accurate record of the board's proceedings at all meetings, and an accurate record of the township's accounts and transactions.”

We attempted to begin the audit April of 2022 for the audit period 1/1/2020 thru 12/31/2021. This audit was scheduled to be completed by June 30, 2022. The audit report due date was extended twice by the Auditor of State’s office until September 30, 2022. After numerous attempts to obtain the records, we were unable to start the audit until August 2022 due to numerous delays from the Fiscal Officer. We contacted the Trustees and one of the Trustees indicated they did not always receive the financial information necessary for them to make financial decisions.

After several attempts and six months later, we were able to begin the audit with the help of one of the Trustees. When we initially obtained the records, we noted we were missing many of the files necessary to complete the audit. The Fiscal Officer was provided several emails and phone calls with requests for documents but did not respond for two more months thus delaying the audit a total of 8 months.

After two extensions the Fiscal Officer continued to delay the completion of the audit until September 5, 2022 (after the due date).

We recommend the Fiscal Officer maintain the files in a well-defined organizational manner in order to facilitate the preparation for the audit and which will help to address any public records requests and/or requests from the Trustees in a timely manner. The accounting records should be kept up-to-date in order to provide the Trustees with timely information regarding the Township’s financial condition. All reconciliations along with budgetary information and account and fund balances should be provided at each Township meeting with any applicable supporting documents. This will help to ensure any errors or irregularities are noted/corrected in a timely fashion and brought to the attention of the Trustees

The Fiscal Officer should also have the Township’s files prepared for an audit timely so the Township’s audit can be completed within the deadline as prescribed by the Auditor of State’s office.

Milton Township
Wayne County
Schedule of Findings
December 31, 2020

FINDING NUMBER 2020-002

Material Weakness - Cash Reconciliations

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.

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

- 1.) The Fiscal Officer failed to reconcile the Township on a monthly basis. Ten of the monthly 2020 reconciliations were not completed until March 2021. This deficiency has occurred in the prior two audits also and the Fiscal Officer failed to implement procedures to ensure monthly reconciliations are performed timely.
- 2.) The reconciliation has outstanding checks as far back as 2017 and the Fiscal Officer failed to make the appropriate adjustments and/or moved to an unclaimed funds account.
- 3.) The reconciliation indicates two receipts for a total of \$606.18 as deposit-in-transit items from 2018. A deposit-in-transit generally is listed on the succeeding bank statement. The Fiscal Officer failed to review these for 4 years and continued to note them on the reconciliation.

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 Custodial 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. The Fiscal Officer should post the Township transactions in a timely manner.

The Trustees along with the Fiscal Officer should review the two receipts listed as deposit-in-transit and determine their status.

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 Custodial 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.

Milton Township
Wayne County
Schedule of Findings
December 31, 2020

FINDING NUMBER 2020-002 (continued)

Material Weakness - Cash Reconciliations (continued)

The Fiscal Officer should also ensure bank reconciliations are reconciled to the UAN system on a monthly basis. The Trustees should also closely monitor the reconciliation process by reviewing and follow-up on any deficiencies or reconciling items. If they do not receive the reconciliations at their monthly meeting this should be brought to attention of the Fiscal Officer and noted in the minutes.

FINDING NUMBER 2020-003

Material Weakness – Reclassifications

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.

The Township does not have sufficient internal controls in place to help ensure receipts, expenditures, and fund balances are properly classified on the financial statements. As a result, below is a description of the reclassification that was deemed material and required posting to the Township December 31, 2020 financial statement.

- Reclassification of the BWC revenue in the amount of \$37,808 improperly posted to the Intergovernmental Receipts rather than Miscellaneous Receipts in the General Fund.

The Township did not have procedures in place to record transactions properly. Failure to consistently follow a uniform chart of accounts increases the possibility the Township will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

The Fiscal Officer should maintain the accounting system to enable the Township to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the Township manual chart of accounts to help ensure that financial activity of the Township is accurately recorded and reported.

FINDING NUMBER 2020-004

Material Weakness - Footnotes to the Financial Statements

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.

Milton Township
Wayne County
Schedule of Findings
December 31, 2020

FINDING NUMBER 2020-004 (continued)

Material Weakness - Footnotes to the Financial Statements (continued)

Footnotes to the financial statements are an integral part to the financial statements and are the responsibility of management for the preparation and fair presentation. On review of the footnotes accompanying the financial statements submitted to the Hinkle system, the following footnotes were missing from the Township's annual report. All applicable corrections were made.

- Budgetary Activity- the Estimated Receipts Analysis,
- Post-employee Benefits Footnote,
- Fund Balance,
- Changes in Accounting Principles and
- COVID-19.

The accompanying financial statements' footnotes have been adjusted for these errors. It is possible that the lack of a final financial statement and footnotes review prior to filing may have contributed to these errors not being detected. Financial reporting errors impact the users' understanding of the financial statements and the ability of the Trustees and management to make sound financial decisions.

Prior to filing, the annual financial statements, the Fiscal Officer should update and review all the footnotes before submitting to the Hinkle system, and accounting records should be reviewed for errors and omissions. The current and updated footnotes are found on the Auditor of State's website at <https://ohioauditor.gov/references.html>. Notes that are not applicable to the Township should be removed and was in the audit report.

FINDING NUMBER 2020-005

Significant Deficiency /Noncompliance – IRS

26 U.S.C. Section 3402 requires every employer, including the state and its political subdivisions making payments of any compensation to an employee who is a taxpayer, to deduct and withhold from such compensation for each payroll period a tax substantially equivalent to the tax reasonably estimated to be due under this chapter with respect to the amount of such compensation included in his adjusted gross income during the calendar year.

In addition, Ohio Rev. Code Section 5747.06 requires every employer maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a reasonable estimate of the amount of state income tax which will be due.

After several requests the Fiscal Officer failed to provide the completed 941's for the audit period thus we were unable to determine if the Fiscal Officer completed the forms and submitted to the Internal Revenue Service.

We recommend the Trustees ensure the Fiscal Officer were completed the 941s and submitted.

13845 Kauffman Avenue
PO Box 205, Sterling, OH 44276

Trustees of Milton Township
Milton Township Road Department
Sterling Fire District



October 10, 2022

Alger & Associates, Inc
6927 Burgundy Ave NW
North Canton OH 44720

We, the Trustees of Milton Township, have reviewed the following listed documents.

- The draft of the Management Letter from Alger & Associates Inc. CPA
- The draft of the Regular Audit for the Year Ended 12/31/2020
- The draft of the Regular Audit for the Year Ended 12/31/2021

We agree with your reports. We are working a performance improvement plan to address the audit findings.

Sincerely,

A handwritten signature in cursive script that reads "Dennis Hartzler".

Dennis Hartzler, Trustee

A handwritten signature in cursive script that reads "Rex Gasser".

Rex Gasser, Trustee

A handwritten signature in cursive script that reads "Greg R. Piatt".

Greg Piatt, Trustee

Trustees: Greg Piatt * Dennis Hartzler * Rex Gasser

Fiscal Officer: Patricia Glessner

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Milton Township

Wayne County

Schedule of Prior Audit Findings

December 31, 2020

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2019-001	Noncompliance/Material Weakness §5705.10(I): Deficit balance and advances made without Trustees approval	Yes	No Longer Valid
2019-002	Material Weakness Cash Reconciliation	No	Not Corrected repeated as 2020 - 002

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 11/10/2022

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