

MILLER TOWNSHIP
KNOX COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2022 & 2021**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Trustees
Miller Township
2639 Possum Street
Mount Vernon, Ohio 43050

We have reviewed the *Independent Auditor's Report* of Miller Township, Knox County, prepared by Julian & Grube, Inc., for the audit period January 1, 2021 through December 31, 2022. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Ohio Revised Code Section 5747.06(A) and (D) state that except as provided in division (E)(3) of this section, every employer, including the state and its political subdivisions, 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 tax computed in such manner as to result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and Chapter 5748. of the Revised Code with respect to the amount of such compensation included in the employee's adjusted gross income during the calendar year. The employer shall deduct and withhold the tax on the date that the employer directly, indirectly, or constructively pays the compensation to, or credits the compensation to the benefit of, the employee. If an employer fails to deduct and withhold any tax as required, and thereafter the tax is paid, the tax so required to be deducted and withheld shall not be collected from the employer, but the employer is not relieved from liability for penalties and interest otherwise applicable in respect to the failure to deduct and withhold the tax.

Amounts withheld for State and School District income taxes should be remitted to the Ohio Department of Taxation utilizing the Ohio Business Gateway system. The Township did not properly remit its obligations to the Ohio Department of Taxation for state taxes in calendar years 2016 through 2020 and for school district income taxes in 2020. While the Township attempted to utilize the system, payments to the State of Ohio were not processed through the Township's bank account and remained outstanding for

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a long period of time rather than being researched and resolved. As a result, the Township was placed in collections with the Ohio Attorney General's office; accumulated and paid \$8,792 in penalties, interest and fees from its general fund.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.24, a Finding for Recovery for public monies illegally expended may be hereby issued against Gary Small, Fiscal Officer and their bonding company, Selective Insurance Company of America, jointly and severally, in the amount of \$8,792, and in favor of Miller Township, General Fund.

On May 3, 2024, the amount of \$8,792 was repaid in full to the Township's general fund.

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. Miller Township is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

June 04, 2024

**MILLER TOWNSHIP
KNOX COUNTY, OHIO**

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Independent Auditor's Report

Miller Township
Knox County
2639 Possum Street
Mount Vernon, Ohio 43050

To the Members of the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental fund type of Miller Township, Knox County, Ohio, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinions 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 of Miller Township, as of and for the years ended December 31, 2022 and 2021 in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as 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 referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Miller Township, as of December 31, 2022 and 2021, or changes in net position for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Miller 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 Miller 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 a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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.

Though Miller 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 opinions on this accounting basis are in the *Unmodified Opinions on Regulatory Basis of Accounting* paragraph above.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 misstatements, 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 Miller 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 generally accepted auditing standards and *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 generally accepted auditing standards 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 Miller Township'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.

Miller Township
Knox County
Independent Auditor's Report

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Miller 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 February 9, 2024, on our consideration of Miller Township's internal control over financial reporting and on 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 Miller 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 Miller Township's internal control over financial reporting and compliance.



Julian & Grube, Inc.
February 9, 2024

Miller Township
Knox 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, 2022

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts				
Property and Other Local Taxes	\$ 61,136	\$ 99,187	\$0	\$ 160,323
Licenses, Permits and Fees	12,347	-	-	12,347
Intergovernmental	28,369	214,730	-	243,099
Earnings on Investments	941	484	2	1,427
Miscellaneous	219	27,390	-	27,609
<i>Total Cash Receipts</i>	<u>103,012</u>	<u>341,791</u>	<u>2</u>	<u>444,805</u>
Cash Disbursements				
Current:				
General Government	91,201	21,265	-	112,466
Public Safety	-	85,598	-	85,598
Public Works	3,456	162,730	-	166,186
Health	1,432	526	-	1,958
Conservation-Recreation	2,634	-	-	2,634
Capital Outlay	4,300	-	-	4,300
<i>Total Cash Disbursements</i>	<u>103,023</u>	<u>270,119</u>	<u>-</u>	<u>373,142</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(11)	71,672		71,663
Other Financing Receipts (Disbursements)				
Sale of Assets	1,400	-	-	1,400
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,400</u>	<u>-</u>	<u>-</u>	<u>1,400</u>
<i>Net Change in Fund Cash Balances</i>	1,389	71,672	2	73,063
<i>Fund Cash Balances, January 1</i>	<u>176,005</u>	<u>460,185</u>	<u>1,492</u>	<u>637,682</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 177,394</u>	<u>\$ 531,857</u>	<u>\$ 1,494</u>	<u>\$ 710,745</u>

See accompanying notes to the financial statement

**MILLER TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022**

1. Reporting Entity

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Miller Township, Knox County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Homer Fire Department to provide fire protection and emergency medical services.

B. Jointly Governed Organization and Public Entity Risk Pool

The Township participates in a jointly governed organization and a public entity risk pool. Notes 8 and 9 to the financial statement provides additional information for these entities.

The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The Township's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types. The Township had no proprietary or fiduciary fund types.

B. Accounting Basis

This financial statement follows 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). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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).

This statement includes 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(C) permit.

C. Deposits

The Township maintains an interest earning checking account and a certificate of deposit.

D. 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:

1. 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.

MILLER TOWNSHIP
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022

2. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. 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:

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Fire Fund - This fund receives property tax money to pay for contracted fire protection services.

Ambulance Fund - This fund receives property tax money to pay for contracted ambulance services.

Coronavirus Relief Fund – This fund receives grant monies as a result of the CARES Act for responding to the COVID-19 pandemic.

ARPA Fund – This fund receives grant monies as a result of the American Rescue Plan Act for responding to the COVID-19 pandemic.

3. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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.

2. 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.

MILLER TOWNSHIP
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022

2. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

3. 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 2022 budgetary activity appears in Note 4.

F. 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:

a. 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.

b. 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.

c. 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.

d. 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.

e. 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.

**MILLER TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022**

2. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

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 11.

G. Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as asset.

H. Accumulated Leave

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

3. Equity in Pooled Deposits

The Township maintains a deposit pool of all funds used. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2022 was as follows:

	2022
Demand deposits	\$709,254
Certificates of deposit	1,491
Total deposits	710,745

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.

4. Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$96,478	\$104,412	\$7,934
Special Revenue	287,567	341,791	54,224
Permanent	11	2	(9)
Total	\$384,056	\$446,205	\$62,149

**MILLER TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022**

4. Budgetary Activity (Continued)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$272,482	\$103,446	\$169,036
Special Revenue	692,805	272,485	420,320
Permanent	403	0	403
Total	\$965,690	\$375,931	\$589,759

5. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statement includes homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

6. Defined Benefit Pension Plans

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

The Ohio Revised Code also prescribes contribution rates. For 2022, OPERS members contributed 10% 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, 2022.

7. Postemployment Benefits

OPERS offers a 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 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

8. Risk Management

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**MILLER TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022**

8. Risk Management (Continued)

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

9. Jointly Governed Organization

The Township belongs to the Knox County Regional Planning Commission (the Commission). The Commission is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Commission is directed by a board of representatives from each participating subdivision and the county commissioners. The Commission formulates and reviews plans affecting long and short term social, economic and governmental development within the region. Financial information can be obtained from Darrel Severns, Secretary to the Commission at regionalplanning@co.knox.oh.us or 740-393-6718.

10. Debt

Debt outstanding as of December 31, 2022, was as follows:

	Principal	Interest Rate
OPWC Loan	\$43,280	0%
Total	\$43,280	

This loan was secured through the Ohio Public Works Commission (OPWC) to fund road improvements. The amount of the loan was \$79,903 with semi-annual principal payments at 0% interest. The loan is set to mature in 2029. The Township pays this debt out of the Gasoline Tax Fund (a Special Revenue Fund Type).

Amortization

Amortization of the above debt, is scheduled as follows:

Year Ending December 31:	OPWC Loan CQ32T
2023	\$6,659
2024	6,659
2025	6,659
2026	6,659
2027	6,659
2028-2029	9,985
Total	\$43,280

**MILLER TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022**

11. Fund Balances

Included in fund balance are amounts the Township cannot spend, including the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. 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	Permanent	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ 1,100	\$ 1,100
Outstanding Encumbrances	422	2,368	-	2,790
Total	<u>\$ 422</u>	<u>\$ 2,368</u>	<u>\$ 1,100</u>	<u>\$ 3,890</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted and committed amounts in the special revenue and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

12. Subsequent Event

On March 1, 2023, the Township passed a joint resolution with Burlington Township to create a joint fire district, a jointly governed organization pursuant to ORC section 505.371, with the Homer Fire Department that will be called Homer Fire District to provide fire and EMS services to the residents of the Townships.

13. Noncompliance

The Township did not comply with the following compliance requirements:

- 26 US Code Sections 3102 and 3402 for not remitting filings or payments on certain quarterly federal withholdings or applicable employer matches.
- Ohio Revised Code Sections 5747.06 and 5747.07 (B) for not remitting State, School District, or Local income tax withholdings to the required agencies.

14. Miscellaneous Receipts

The Township's miscellaneous receipts in the Special Revenue Funds primarily consisted of a reimbursement from AEP for road repairs.

15. Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Miller Township
Knox 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, 2021

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts				
Property and Other Local Taxes	\$ 60,154	\$ 95,229	\$0	\$ 155,383
Licenses, Permits and Fees	13,078	-	-	13,078
Intergovernmental	24,416	213,228	-	237,644
Earnings on Investments	110	42	9	161
Miscellaneous	7,595	1,400	-	8,995
<i>Total Cash Receipts</i>	<u>105,353</u>	<u>309,899</u>	<u>9</u>	<u>415,261</u>
Cash Disbursements				
Current:				
General Government	81,143	-	-	81,143
Public Safety	-	55,756	-	55,756
Public Works	2,641	135,829	-	138,470
Health	1,772	1,278	-	3,050
Conservation-Recreation	1,667	-	-	1,667
Capital Outlay	14,278	-	-	14,278
<i>Total Cash Disbursements</i>	<u>101,501</u>	<u>192,863</u>	<u>-</u>	<u>294,364</u>
<i>Net Change in Fund Cash Balances</i>	3,852	117,036	9	120,897
<i>Fund Cash Balances, January 1</i>	<u>172,153</u>	<u>343,149</u>	<u>1,483</u>	<u>516,785</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 176,005</u>	<u>\$ 460,185</u>	<u>\$ 1,492</u>	<u>\$ 637,682</u>

See accompanying notes to the financial statement

**MILLER TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021**

1. Reporting Entity

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Miller Township, Knox County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Homer Fire Department to provide fire protection and emergency medical services.

B. Jointly Governed Organization and Public Entity Risk Pool

The Township participates in a jointly governed organization and a public entity risk pool. Notes 8 and 9 to the financial statement provides additional information for these entities.

The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The Township's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types. The Township had no proprietary or fiduciary fund types.

B. Accounting Basis

This financial statement follows 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). This basis is similar to the cash receipts and disbursements accounting basis. The Township 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).

This statement includes 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(C) permit.

C. Deposits

The Township maintains an interest earning checking account and a certificate of deposit.

D. 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:

1. 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.

MILLER TOWNSHIP
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021

2. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. 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:

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Fire Fund - This fund receives property tax money to pay for contracted fire protection services.

Ambulance Fund - This fund receives property tax money to pay for contracted ambulance services.

Coronavirus Relief Fund – This fund receives grant monies as a result of the CARES Act for responding to the COVID-19 pandemic.

3. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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.

2. 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.

3. 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.

MILLER TOWNSHIP
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021

2. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

A summary of 2021 budgetary activity appears in Note 4.

F. 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:

a. **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.

b. **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.

c. **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.

d. **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.

e. **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 11.

**MILLER TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021**

2. Summary of Significant Accounting Policies (Continued)

G. Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as asset.

H. Accumulated Leave

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

3. Equity in Pooled Deposits

The Township maintains a deposit pool of all funds used. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2021 was as follows:

	2021
Demand deposits	\$636,193
Certificates of deposit	1,489
Total deposits	637,682

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.

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	\$85,915	\$105,353	\$19,438
Special Revenue	219,820	309,899	90,079
Permanent	11	9	(2)
Total	\$305,746	\$415,261	\$109,515

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$287,259	\$101,810	\$185,449
Special Revenue	533,123	195,282	337,841
Permanent	394	0	394
Total	\$820,776	\$297,092	\$523,684

**MILLER TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021**

5. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statement includes homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

6. Defined Benefit Pension Plans

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

The Ohio Revised Code also prescribes contribution rates. For 2021, OPERS members contributed 10% 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.

7. Postemployment Benefits

OPERS offers a 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.

8. Risk Management

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

**MILLER TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021**

8. Risk Management (Continued)

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

9. Jointly Governed Organization

The Township belongs to the Knox County Regional Planning Commission (the Commission). The Commission is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Commission is directed by a board of representatives from each participating subdivision and the county commissioners. The Commission formulates and reviews plans affecting long and short term social, economic and governmental development within the region. Financial information can be obtained from Darrel Severns, Secretary to the Commission at regionalplanning@co.knox.oh.us or 740-393-6718.

10. Debt

Debt outstanding as of December 31, 2021, was as follows:

	Principal	Interest Rate
OPWC Loan	\$49,939	0%
Total	<u>\$49,939</u>	

This loan was secured through the Ohio Public Works Commission (OPWC) to fund road improvements. The amount of the loan was \$79,903 with semi-annual principal payments at 0% interest. The loan is set to mature in 2029. The Township pays this debt out of the Gasoline Tax Fund (a Special Revenue Fund Type).

Amortization

Amortization of the above debt, is scheduled as follows:

Year Ending December 31:	OPWC Loan CQ32T
2022	\$6,659
2023	6,659
2024	6,659
2025	6,659
2026	6,659
2027-2029	<u>16,644</u>
Total	<u>\$49,939</u>

**MILLER TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021**

11. Fund Balances

Included in fund balance are amounts the Township cannot spend, including the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. 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	Permanent	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ 1,100	\$ 1,100
Outstanding Encumbrances	309	2,419	-	2,728
Total	<u>\$ 309</u>	<u>\$ 2,419</u>	<u>\$ 1,100</u>	<u>\$ 3,828</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted and committed amounts in the special revenue and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

12. Noncompliance

The Township did not comply with the following compliance requirements:

- 26 US Code Sections 3102 and 3402 for not remitting filings or payments on certain quarterly federal withholdings or applicable employer matches.
- Ohio Revised Code Sections 5747.06 and 5747.07 (B) for not remitting State, School District, or Local income tax withholdings to the required agencies.
- Ohio Revised Code Sections 5705.36 and 5705.39 for not certifying its audited balances to the County resulting in current appropriations being in excess of beginning cash plus actual receipts.

13. Miscellaneous Receipts

The Township's miscellaneous receipts in the General Fund consisted of insurance proceeds for a damaged tractor.

14. Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Miller Township
Knox County
2639 Possum Street
Mount Vernon, Ohio 43050

To the Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type of Miller Township, Knox County, Ohio, as of and for the years ended December 31, 2022, and 2021 and the related notes to the financial statements and have issued our report thereon dated February 9, 2024, wherein we noted as described in Note 2 to the financial statements, Miller Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Miller Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Miller Township's internal control. Accordingly, we do not express an opinion on the effectiveness of Miller 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 and responses, 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 Miller 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 and responses as items 2022-001 through 2022-003 and 2022-005 to be 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 deficiency described in the accompanying schedule of findings and responses as item 2022-004 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Miller 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 are described in the accompanying schedule of findings and responses as items 2022-002, 2022-003, and 2022-005.

Miller Township's Responses to Findings

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

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 Miller 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 Miller Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
February 9, 2024

**MILLER TOWNSHIP
KNOX COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2022-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information.

The following adjustments were made to the financial statements and notes for the years ended December 31, 2022 and 2021, respectively.

2022:

- General Fund property and other local tax receipts were decreased \$6,968 and intergovernmental receipts were increased by \$6,968, Special Revenue Funds (Road and Bridge, Fire, and Ambulance) property and other local tax receipts were decreased by \$1,161, \$4,418, and \$710 respectively, and intergovernmental receipts were increased by \$1,161, \$4,418, and \$710 respectively. These adjustments were due to Homestead & Rollback receipts not being recorded in the proper financial statement line item.
- Special Revenue Fund (Gasoline Tax) miscellaneous receipts and cash were increased by \$27,290 and General Fund licenses, permits and fees receipts and cash were decreased by \$27,290. These adjustments were due to a reimbursement from AEP for road repairs not being properly classified on the financial statements and not receipted into the proper fund.

2021:

- General Fund licenses, permits and fees receipts were decreased \$7,595 and miscellaneous receipts were increased \$7,595. These adjustments were due to insurance proceeds not being classified in the proper financial statement line item.

The Township has adjusted their system fund balances for all applicable adjustments.

Control procedures not properly developed related to the financial statements limit management’s ability to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. Additionally, management will not have the necessary information to make timely and well-informed business decisions.

We recommend the Township implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to presenting them to the auditors. A second review of the monthly cash activity and financial statements by someone other than the individual preparing them would be beneficial.

Client Response: The Township Fiscal Officer will more closely examine HINKLE filed report prior to filing and will work toward more accurately presenting those in the future.

**MILLER TOWNSHIP
KNOX COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2022-002

Material Weakness/Noncompliance – Federal Withholding

26 US Code Sections 3102 and 3402 require the employing government to withhold federal and employment-related taxes (such as Medicare and Social Security) from each employee. Furthermore, these chapters hold employers liable for reporting and payment of these taxes.

The Township did not file nor submit timely Federal withholding and applicable employer match reports and payments to the Internal Revenue Service (IRS) for 2021 and 2022. Total estimated unremitted and unpaid is \$19,653.

Lack of filing timely reports and taxes due to the IRS may result in additional fines and penalties.

We recommend that the Township contact the IRS and work to immediately submit Federal withholdings/employer portion of taxes and remittances to the IRS.

Client Response: The Township Fiscal Officer will work with the IRS and a CPA firm to resolve any discrepancies.

Finding Number	2022-003
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Material Weakness/Noncompliance – Other Withholdings

Ohio Revised Code Section 5747.06 requires every employer, including political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to any employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee’s compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and Chapter 5748 of the Revised Code with respect to the amount of such compensation included in the employee’s adjusted gross income during the calendar year.

Ohio Revised Code Section 5747.07 (B) provides that, with certain exceptions, every employer is required to deduct and withhold any amount under Ohio Revised Code Section 5747.06 shall file a return and shall pay the amount required by law in accordance with guidelines provided by this section.

The Township did not remit all required State, School District, or Local income tax withholdings to the required agencies for 2021 and 2022. Total estimated unremitted and unpaid is \$2,686 for School District withholding, local withholding and Ohio withholding combined. During 2022, the Township also paid \$8,792 in penalties and fees related to prior year income tax withholdings not being remit timely.

Lack of filing timely reports and taxes due to the applicable agencies may result in additional fines and penalties.

We recommend that the Township immediately contact the agencies delinquent and submit/remit any filings/payments due for employee withholding taxes.

Client Response: The Township Fiscal Officer will work with the applicable withholding agencies and a CPA firm to resolve any discrepancies.

MILLER TOWNSHIP
KNOX COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2022 AND 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2022-004

Significant Deficiency – Maintenance of Supporting Documentation

Maintaining organized documentation and support for financial transactions is essential in assuring the Township’s financial statements are accurately presented and that all expenditures are made for a proper public purpose.

The Township did not maintain organized underlying documentation and support for certain receipts and disbursements. Certain 2022 and 2021 License, Permits and Fees receipts did not contain consistent supporting documentation, alternative procedures were performed. In addition, in 2021, one check did not contain all supporting documentation, alternative procedures were performed.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and could result in expenditures that are not for a proper public purpose.

The Township should maintain all agreements, receipts, invoices, purchase orders, and additional support as needed and records should be maintained in an orderly manner to support all transactions. In addition, the Township should consider using a pre-numbered receipt book to support the License, Permits and Fees receipts. This will help ensure the information in the financial statements is complete and accurate.

Client Response: The Township will work to provide a sound fiscal environment and implement additional policies and procedures to help correct these issues moving forward.

Finding Number	2022-005
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Material Weakness/Noncompliance

Ohio Revised Code Section 5705.36, in part, requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year and also in part, requires Fiscal Officers to amend certificates when determined that revenue collected will be less than the amount included in the official certificate. Ohio Revised Code Section 5705.39 in part requires that total appropriations from each fund should not exceed total estimated resources.

The Township did not properly certify its audited unencumbered balances or properly amend its certificates of estimated resources to the appropriate authorities as required by law, resulting in the Township having an excess of current appropriations over beginning cash plus estimated and/or actual receipts in the General Fund for 2021.

By not accurately certifying beginning unencumbered balances and timely amending its certificate of estimated resources to the County Auditor, the Township is basing appropriation and expenditure decisions on outdated information. With appropriations exceeding estimated resources and/or actual resources, the Township is appropriating monies that are not in the Treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend the Township consult the Ohio Compliance Supplement, the Township’s Manual and its auditors to ensure that Township fund balances agree to audited reports and to file amended certificates as necessary throughout the year. This will facilitate the Township’s appropriation process and help monitor if appropriations exceed estimated resources.

Client Response: The Township is attempting to monitor the budget more closely.

**MILLER TOWNSHIP
KNOX COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2022 AND 2021**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2020-001	2018	<u>Material Weakness – Financial Reporting</u> - Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Certain adjustments were made to the financial statements and notes.	Not Corrected	Repeated as finding 2022-001
2020-002	2018	<u>Material Weakness/Noncompliance – Federal Withholding</u> - 26 US Code requires withholding and submitting applicable amounts including certain employer matches. The Township did not remit filings or payments on certain quarterly federal withholdings or applicable employer matches.	Not Corrected	Repeated as finding 2022-002
2020-003	2020	<u>Material Weakness/Noncompliance – Other Withholdings</u> - Ohio Revised Code Sections 5747.06 and 5747.07(B) require withholding and submitting applicable amounts including certain employer matches. The Township did not remit filings or payments on certain School District, Local, or Ohio tax withholdings or applicable employer matches.	Not Corrected	Repeated as finding 2022-003
2020-004	2020	<u>Material Weakness/Noncompliance – Trustee Pay Allocation</u> - Ohio Revised Code Section 505.24(C) requires that each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed. The Township was unable to provide the required certifications of the percentage of time spent working on funds that Trustee’s pays were charged to.	Corrective Action Taken and Finding is Fully Corrected	N/A

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OHIO AUDITOR OF STATE KEITH FABER



MILLER TOWNSHIP

KNOX 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 6/18/2024

65 East State 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