



OHIO AUDITOR OF STATE  
**KEITH FABER**





MIDDLETON TOWNSHIP  
COLUMBIANA COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2019.....	3
Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Fiduciary Fund Types - For the Year Ended December 31, 2019.....	4
Notes to the Financial Statements for the Year Ended December 31, 2019.....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2018.....	13
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Fiduciary Fund Types - For the Year Ended December 31, 2018.....	14
Notes to the Financial Statements for the Year Ended December 31, 2018.....	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	23
Schedule of Findings.....	25

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South  
700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Middleton Township  
Columbiana County  
P.O. Box 295  
Negley, Ohio 44441

To the Board of Trustees:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***Emphasis of Matter***

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2020, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

September 14, 2020

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$28,849	\$486,364			\$515,213
Charges for Services		14,050			14,050
Licenses, Permits and Fees	19,681				19,681
Intergovernmental	72,524	190,407	\$10,000		272,931
Earnings on Investments		24		\$90	114
Miscellaneous	2,714	20,534			23,248
<b>Total Cash Receipts</b>	<u>123,768</u>	<u>711,379</u>	<u>10,000</u>	<u>90</u>	<u>845,237</u>
<b>Cash Disbursements</b>					
Current:					
General Government	108,290	2,835			111,125
Public Safety		137,609			137,609
Public Works		552,091			552,091
Health	16,523	262			16,785
Capital Outlay	7,000	113,351	10,000		130,351
Debt Service:					
Principal Retirement		18,883			18,883
Interest and Fiscal Charges		1,233			1,233
<b>Total Cash Disbursements</b>	<u>131,813</u>	<u>826,264</u>	<u>10,000</u>	<u>0</u>	<u>968,077</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	<u>(8,045)</u>	<u>(114,885)</u>	<u>0</u>	<u>90</u>	<u>(122,840)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds		95,000			95,000
<b>Net Change in Fund Cash Balances</b>	(8,045)	(19,885)	0	90	(27,840)
<b>Fund Cash Balances, January 1</b>	29,820	95,421	11,887	5,299	142,427
<b>Fund Cash Balances, December 31</b>					
Nonspendable				4,500	4,500
Restricted		75,536	11,887	889	88,312
Assigned	21,775				21,775
<b>Fund Cash Balances, December 31</b>	<u>\$21,775</u>	<u>\$75,536</u>	<u>\$11,887</u>	<u>\$5,389</u>	<u>\$114,587</u>

See accompanying notes to the financial statements

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

	<b>Custodial</b>
<b>Operating Cash Disbursements</b>	
Other	\$4,000
<i>Total Operating Cash Disbursements</i>	4,000
 <i>Operating Income (Loss)</i>	 (4,000)
 <b>Non-Operating Receipts (Disbursements)</b>	
Other Financing Sources	4,000
<i>Total Non-Operating Receipts (Disbursements)</i>	4,000
 <i>Net Change in Fund Cash Balance</i>	 0
 <i>Fund Cash Balances, January 1</i>	 0
 <i>Fund Cash Balances, December 31</i>	 \$0

See accompanying notes to the financial statements



**Middleton Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Middleton Township, Columbiana 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, cemetery maintenance, fire protection and emergency medical services and all other emergency responses. The Township contracted with the Negley Volunteer Fire Dept. to provide fire services and to provide ambulance services for the first nine (9) months of 2019. The Township appropriates fire levy funds to pay for contracted services from the Negley Volunteer Fire Department for those nine (9) months. As of Oct. 1, 2019 Middleton Township took over the day to day operations of the fire dept. aka Middleton Township Fire & EMS through a lease agreement with the Negley V.F.D. Assn.

**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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Gas Tax Fund*** The gas 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.

***Road & Bridge Fund*** The Road & Bridge Fund is an *inside millage* fund whose revenues are used for maintenance and repair of township roads.

***Road Improvement Levy Fund*** 2191---two (2) mill levy last renewed by Township voters in 2017 is used for maintenance and repair of township roads.

**Middleton Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Road Improvement Levy** Fund 2192---two (2) mill levy renewed by Township voters in 2016 is used for maintenance and repair of township roads.

**Fire Protection Levy** Fund 2193---there are three (3) one (1) mill levies approved by Township voters which are used by the Township to contract for fire protection.

**Permissive Motor Vehicle Tax Fund**---The Township by State Statute has enacted a \$5.00 Permissive Motor Vehicle License Plate Tax and also receives 30% of a Permissive Motor Vehicle License Plate Tax enacted by the County Engineer and all the revenue generated is used for the maintenance and repair of Township roads.

**First Energy Grant Fund**---Fund 2902---Revenue in this fund was a result of a grant the Township received from First Energy for electric aggregation in the Township. All remaining Funds in this fund were spent in 2019 as a down payment on a CAT 430 F backhoe.

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

**Sale of Assets**---Fund 4302---Revenue generated for this fund comes from the sale of scrap and/or unneeded Township equipment.

**Gas and Oil Lease**---Fund 4901---Revenue received as a result of leasing Township Property for possible horizontal drilling by various drilling companies.

**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 Endowment Fund** – The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemeteries.

**Ferrell Bequest**---Fund 4951---Cemetery CD from which only the interest may be spent.

**Gorby Bequest**---Fund 4952---Cemetery CD from which only the interest may be spent.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

**Middleton Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Agency Funds** Are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts are for revenues held for road bonds posted by various logging operations in the Township or fire damage cleanup.

**Fund 9006**---Funds received by Twp. to be held in escrow until a structure damaged by fire was cleaned up.

***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 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. The Township **DOES** use the encumbrance method of accounting. There was one (1) encumbrance for 2019, the EMS fund had one (1) expenditure for \$64.00 on 12-31-19, the day after the final township meeting for 2019 was held to pay any remaining 2019 expenditures.

A summary of 2019 budgetary activity appears in Note 3.

**Middleton Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

***Deposits and Investments***

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

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

**Middleton Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ended December 31, 2019 is as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$123,766	\$123,766	\$0
Special Revenue	806,381	806,381	0
Capital Projects	10,000	10,000	0
Permanent	89	89	0
Agency	4,000	4,000	0
Total	\$944,236	\$944,236	\$0

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$153,586	\$131,812	\$21,774
Special Revenue	901,800	826,264	75,536
Capital Projects	21,887	10,000	11,887
Permanent	889	0	889
Agency	4,000	4,000	0
Total	\$1,082,162	\$972,076	\$110,086

**Note 4 – Deposits and Investments**

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

	2019
Demand deposits	\$110,087
Certificates of Deposit	4,500
Total deposits	\$114,587

**Middleton Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

At December 31, 2019, the Township held \$0.00 in equity securities. Equity securities are not eligible investments for the Township under Ohio law

***Deposits***

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

**Note 5 – Property Taxes**

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

Public utilities are also taxed on real property located within the Township.

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

**Note 6 – Risk Management**

Middleton Township has tried to help manage Worker’s Compensation costs by belonging to the “Ohio Township Association Group Ratings Programs” administered by CareWorksComp.

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles,
- Errors and omissions, &
- Fire & EMS Liability coverage

During 2019, the Township paid \$0.00 for losses that exceeded insurance coverage.

**Middleton Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All of the Township’s current employees, both elected and hourly, 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 Code Revised also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

As of October 1, 2019 all Middleton Township Fire & EMS personnel pay into social security and medicare. Since they are paid on an “per call” basis, not by the hour and are considered part-time employees.

**Note 8 – 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 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 9 – Debt**

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Truck Loan	\$9,815	2.97%
CAT Backhoe Loan	<u>85,953</u>	2.60%
Total	\$95,768	

\$95,768 represents the total amount outstanding principal on the truck & backhoe loans as of December 31, 2019 as taken from the amortization schedules for both loans.

Middleton Township obtained a loan from Home Savings Bank for the purchase of the 1 ton dump truck and plowing equipment to be used for Township road maintenance. In 2019 Middleton Township again borrowed from Home Savings Bank to purchase a new CAT 430 F2 backhoe.

**Middleton Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Truck Loan	CAT Backhoe Loan
2020	\$10,037	\$20,296
2021		20,296
2022		20,296
2023		20,296
2024		10,148
Total	<u>\$10,037</u>	<u>\$91,332</u>

**Note 10 – Public Entity Risk Pool**

Middleton Township participates in the Ohio Township Association Group Ratings Plan to obtain lower worker’s compensation premiums and the plan is administrated by CareWorksComp. Each year the participants pay an enrollment fee to belong to the plan/program to cover the costs of administrating the plan/program for the year.

**Note 11 – Subsequent Events**

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



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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$28,075	\$472,868			\$500,943
Licenses, Permits and Fees	21,436				21,436
Intergovernmental	57,002	171,731	\$76,460		305,193
Earnings on Investments		16		\$79	95
Miscellaneous	2,198	5,227			7,425
<b>Total Cash Receipts</b>	<u>108,711</u>	<u>649,842</u>	<u>76,460</u>	<u>79</u>	<u>835,092</u>
<b>Cash Disbursements</b>					
Current:					
General Government	86,718	2,835			89,553
Public Safety		118,148			118,148
Public Works		538,284	1,000		539,284
Health	15,311	254			15,565
Capital Outlay	800		87,460		88,260
Debt Service:					
Principal Retirement		9,181			9,181
Interest and Fiscal Charges		787			787
<b>Total Cash Disbursements</b>	<u>102,829</u>	<u>669,489</u>	<u>88,460</u>	<u>0</u>	<u>860,778</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	<u>5,882</u>	<u>(19,647)</u>	<u>(12,000)</u>	<u>79</u>	<u>(25,686)</u>
<b>Net Change in Fund Cash Balances</b>	5,882	(19,647)	(12,000)	79	(25,686)
<b>Fund Cash Balances, January 1</b>	<u>23,938</u>	<u>115,068</u>	<u>23,887</u>	<u>5,220</u>	<u>168,113</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable				4,500	4,500
Restricted		95,421	11,887	799	108,107
Assigned	29,820				29,820
<b>Fund Cash Balances, December 31</b>	<u>\$29,820</u>	<u>\$95,421</u>	<u>\$11,887</u>	<u>\$5,299</u>	<u>\$142,427</u>

See accompanying notes to the financial statements

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

	<b>Agency</b>
<b>Operating Cash Disbursements</b>	
Other	\$62,200
<i>Total Operating Cash Disbursements</i>	62,200
 <i>Operating Income (Loss)</i>	 (62,200)
 <b>Non-Operating Receipts (Disbursements)</b>	
Other Financing Sources	62,200
<i>Total Non-Operating Receipts (Disbursements)</i>	62,200
 <i>Net Change in Fund Cash Balance</i>	 0
 <i>Fund Cash Balances, January 1</i>	 0
 <i>Fund Cash Balances, December 31</i>	 \$0

See accompanying notes to the financial statements

**Middleton Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Middleton Township, Columbiana 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, cemetery maintenance, fire protection and emergency medical services and all other emergency responses. The Township contracts with the Negley Volunteer Fire Dept. to provide fire services and to provide ambulance services. The Township appropriates fire levy funds to contract for services from the Negley Volunteer Fire

**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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Gas Tax Fund*** The gas 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.

***Road & Bridge Fund*** The Road & Bridge Fund is an *inside millage* fund whose revenues are used for maintenance and repair of township roads.

***Road Improvement Levy Fund 2191---***two (2) mill levy last renewed by Township voters in 2013 is used for maintenance and repair of township roads.

***Road Improvement Levy Fund 2192---***two (2) mill levy renewed by Township voters in 2016 is used for maintenance and repair of township roads.

**Middleton Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

***Fire Protection Levy*** Fund 2193---there are three (3) one (1) mill levies approved by Township voters which are used by the Township to contract for fire protection.

***Permissive Motor Vehicle Tax Fund***---The Township by State Statute has enacted a \$5.00 Permissive Motor Vehicle License Plate Tax and also receives 30% of a Permissive Motor Vehicle License Plate Tax enacted by the County Engineer and all the revenue generated is used for the maintenance and repair of Township roads.

***First Energy Grant Fund***---Fund 2902---Revenue in this fund was a result of a grant the Township received from First Energy for electric aggregation in the Township.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

***Sale of Assets***---Fund 4302---Revenue generated for this fund comes from the sale of scrap and/or unneeded Township equipment.

***Gas and Oil Lease***---Fund 4901---Revenue received as a result of leasing Township Property for possible horizontal drilling by various drilling companies.

***Pancake-Clarkson Rd (east) Improvement Fund***---Fund 4902---Revenue received as a result of damage to P/C Rd, which occurred as a result of First Energy's contractors using township road to move heavy equipment to construction site. Funds were spent in 2018.

***Negley Storm Water Drainage Project (final phase)***---Fund 4904---Community Development Block Grant (CDBG) funding used to complete Phase 4, the final phase in the storm water drainage project for the Village of Negley started in the early 1990's. Project was completed in late Dec. 2017 & Grant funds were run through Twp. books in 2018.

***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 Endowment Fund*** – The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemeteries.

***Ferrell Bequest***---Fund 4951---Cemetery CD from which only the interest may be spent.

***Gorby Bequest***---Fund 4952---Cemetery CD from which only the interest may be spent.

**Middleton Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

***Agency Funds*** Are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts are for revenues held for road bonds posted by various logging operations in the Township or fire damage cleanup.

***Fund 9003***---Funds received by Twp. to be held in escrow until a structure damaged by fire was cleaned up.

***Fund 9004***---Funds received by Twp. to be held in escrow until a structure damaged by fire was cleaned up.

***Fund 9005***---Funds received by Twp. to be held in escrow until a structure damaged by fire was cleaned up.

***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 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.

**Middleton Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

***Encumbrances***--The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

**Middleton Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ended December 31, 2018 is as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$98,453	\$108,711	\$10,258
Special Revenue	649,638	649,842	204
Capital Projects	76,460	76,460	0
Permanent	79	79	0
Agency	62,000	62,000	0
<b>Total</b>	<b>\$886,630</b>	<b>\$897,092</b>	<b>\$10,462</b>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$122,371	\$102,829	\$19,542
Special Revenue	764,908	669,489	95,419
Capital Projects	100,347	88,460	11,887
Permanent	799	0	799
Agency	62,200	62,200	0
<b>Total</b>	<b>\$1,050,625</b>	<b>\$922,978</b>	<b>\$127,647</b>

**Middleton Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 4 – Deposits**

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

	2018
Demand deposits	<u>\$137,927</u>
Certificates of Deposit	4,500
Total deposits	<u><u>\$142,427</u></u>

***Deposits***

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

**Note 5 – Property Taxes**

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

Public utilities are also taxed on real property located within the Township.

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

**Note 6 – Risk Management**

Middleton Township has tried to help manage Worker’s Compensation costs by belonging to the “Ohio Township Association Group Ratings Programs” administered by CareWorksComp.

Workers’ Compensation coverage is provided by the State of Ohio. The Township pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.



**Middleton Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

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

During 2018, the Township paid \$0.00 for losses that exceeded insurance coverage.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

**Note 8 – 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 2018.

**Note 9 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Truck Loan	\$19,282	2.97%

\$19,282 represents the total amount outstanding principal on the truck loan as of December 31, 2018 as taken from the amortization schedule.

Middleton Township obtained a loan from Home Savings Bank for the purchase of the new 1 ton dump truck and plowing equipment to be used for Township road maintenance.

**Middleton Township**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

***Amortization***

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Truck Loan
2019	\$9,968
2020	\$10,037
Total	<u>\$20,005</u>

**Note 10 – Public Entity Risk Pool**

Middleton Township participates in the Ohio Township Association Group Ratings Plan to obtain lower worker’s compensation premiums and the plan is administrated by CareWorksComp. Each year the participants pay an enrollment fee to belong to the plan/program to cover the costs of administrating the plan/program for the year.

**Note 11 – Subsequent Events**

As of October 1, 2019 Middleton Township took over the day to day operations of the Negley V.F.D. through a lease agreement in order to provide Fire & EMS services for the residents of Middleton Township.

# OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South  
700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegion@ohioauditor.gov

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

Middleton Township  
Columbiana County  
P. O. Box 295  
Negley, Ohio 44441

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Middleton Township, Columbiana County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated September 14, 2020 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and also noted the Township included a disclosure regarding the potential financial impact of COVID-19 and the ensuing emergency measures.

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

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

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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



Keith Faber  
Auditor of State

Columbus, Ohio

September 14, 2020

**MIDDLETON TOWNSHIP  
COLUMBIANA COUNTY**

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

**1. Financial Reporting**

**FINDING NUMBER 2019-001**

**MATERIAL WEAKNESS**

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 following item was noted for fiscal year 2019 notes to the financial statements:

- The budgetary note did not properly report the Capital Projects Funds or the Special Revenue Funds. The Capital Projects appropriations of \$21,887 and budgetary expenditures of \$10,000 were not reported. Instead, they were rolled in the Special Revenue line, causing the Special Revenue appropriations to be overstated \$21,887 and budgetary expenditures to be overstated \$10,000.

The following item was noted for fiscal year 2018 notes to the financial statements:

- The budgetary note did not properly report the General Fund budgeted receipts, which were reported as \$108,711, an overstatement of \$10,258. The Capital Projects appropriations were understated \$23,887 and budgetary expenditures were understated of \$12,000. These amounts were included in the Special Revenue line, causing the Special Revenue appropriations to be overstated \$23,887 and budgetary expenditures to be overstated \$12,000.

The adjustments have been reflected in the notes to the financial statements for 2019 and 2018.

To help ensure the Township's notes to the financial statements are complete and accurate, the Township should adopt policies and procedures to identify and correct errors and omissions. In addition, the Township should review the financial statements and notes prior to submission for audit.

**Official's Response:** We did not receive a response from Officials to this finding.

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**MIDDLETOWN TOWNSHIP**

**COLUMBIANA 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 10/13/2020**

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

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