



**FRANKLIN TOWNSHIP  
COLUMBIANA COUNTY  
Regular Audit  
For the Years Ended December 31, 2019 and 2018**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417

[www.perrycpas.com](http://www.perrycpas.com)



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

Board of Trustees  
Franklin Township  
15514 State Route 644  
Summitville, OH 43962

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

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

October 30, 2020

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FRANKLIN TOWNSHIP  
COLUMBIANA COUNTY

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1310 Market Street, Suite 300  
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304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

## INDEPENDENT AUDITOR'S REPORT

July 27, 2020

Franklin Township  
Columbiana County  
PO Box 3  
Summitville, Ohio 43962

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 **Franklin Township**, Columbiana County, (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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
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***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 Franklin Township, Columbiana County as of December 31, 2019 and 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 10 to the financial statements, during 2019 and 2018, 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 July 27, 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.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**FRANKLIN TOWNSHIP  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

|   | General          | Special<br>Revenue | Totals<br>(Memorandum<br>Only) |
|---|------------------|--------------------|--------------------------------|
| <b>Cash Receipts</b>                    |                  |                    |                                |
| Property and Other Local Taxes          | \$ 30,509        | \$ 315,671         | \$ 346,180                     |
| Intergovernmental                       | 28,453           | 140,873            | 169,326                        |
| Miscellaneous                           | 2,025            | 65,443             | 67,468                         |
| <i>Total Cash Receipts</i>              | <u>60,987</u>    | <u>521,987</u>     | <u>582,974</u>                 |
| <b>Cash Disbursements</b>               |                  |                    |                                |
| Current:                                |                  |                    |                                |
| General Government                      | 50,791           | 20,386             | 71,177                         |
| Public Safety                           | -                | 119,135            | 119,135                        |
| Public Works                            | 2,981            | 235,592            | 238,573                        |
| Human Services                          | -                | 1,500              | 1,500                          |
| Capital Outlay                          | -                | 9,923              | 9,923                          |
| Debt Service:                           |                  |                    |                                |
| Principal Retirement                    | 1,328            | 28,793             | 30,121                         |
| Interest and Fiscal Charges             | -                | 2,283              | 2,283                          |
| <i>Total Cash Disbursements</i>         | <u>55,100</u>    | <u>417,612</u>     | <u>472,712</u>                 |
| <i>Net Change in Fund Cash Balances</i> | 5,887            | 104,375            | 110,262                        |
| <i>Fund Cash Balances, January 1</i>    | <u>22,891</u>    | <u>107,231</u>     | <u>130,122</u>                 |
| <b>Fund Cash Balances, December 31</b>  |                  |                    |                                |
| Restricted                              | -                | 99,947             | 99,947                         |
| Committed                               | -                | 111,659            | 111,659                        |
| Assigned                                | 28,778           | -                  | 28,778                         |
| <i>Fund Cash Balances, December 31</i>  | <u>\$ 28,778</u> | <u>\$ 211,606</u>  | <u>\$ 240,384</u>              |

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

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Franklin 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, fire protection and emergency medical services. The Township contracts with the Village of Summitville to provide fire services and any emergency medical services. The Township appropriates fire fund money to support the volunteer fire department.

***Public Entity Risk Pool***

The Township participates in a public entity risk pool for insurance purposes. Note 6 to the financial statements provides additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

The Township uses funds to maintain 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:

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

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

***Road and Bridge Fund*** The Road and Bridge Fund accounts for and reports all disbursements committed to roads, including improvements, paving, snow removal, salt/sand, gravel, blacktop, maintenance, payroll, supplies, purchases, fuel, vehicle equipment and maintenance. This fund is also used for construction of new and future facilities.

***Fire Fund*** The Fire Fund accounts for and reports proceeds from property taxes restricted for fire department and life squad protection and emergency services.

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

***Fund Accounting (Continued)***

**Road Levy Fund** The Road Levy Fund accounts for and reports all disbursements committed to roads, including improvements, paving, snow removal, salt/sand, gravel, blacktop, maintenance, payroll, supplies, purchases, fuel, vehicle equipment and maintenance. This fund is also used for construction of new and future facilities.

**Miscellaneous Special Revenue Fund** The Miscellaneous Special Revenue Fund includes RUMA monies contracted by the well and pipeline companies that have placed wells within the Township. The RUMA is an agreement between the individual companies and the Township. The agreed upon money is only to be used if the individual companies do not fix and repair any damage to the road that they have caused.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2- 03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board Recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

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

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

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

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

A summary of 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

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

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

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

**Capital Assets**

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

**Fund Balance**

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

**Nonspendable** The Township classifies assets as Non-spendable 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.

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2019 follows:

| 2019 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$ 47,809            | \$ 60,987          | \$ 13,178 |
| Special Revenue                   | 509,102              | 521,987            | 12,885    |
| Total                             | \$ 556,911           | \$ 582,974         | \$ 26,063 |

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

**Note 3 – Budgetary Activity (Continued)**

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |            |
|---|----------------------------|---------------------------|------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
| General   | \$ 70,699                  | \$ 55,561                 | \$ 15,138  |
| Special Revenue                                       | 553,349                    | 419,128                   | 134,221    |
| Total   | \$ 624,048                 | \$ 474,689                | \$ 149,359 |

**Note 4 – Deposits**

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

|                 |            |
|-----------------|------------|
| Demand deposits | 2019       |
|                 | \$ 240,384 |

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation.

**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.

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**

***Workers' Compensation***

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.

***Risk Pool Membership***

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.

**Note 6 – Risk Management (Continued)**

***Risk Pool Membership (Continued)***

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

|                 |                      |
|-----------------|----------------------|
| Assets          | \$ 15,920,504        |
| Liabilities     | <u>( 11,329,011)</u> |
| Members’ Equity | <u>\$ 4,591,493</u>  |

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0.0 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.

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

**Note 9 – Debt**

Debt outstanding at December 31, 2019 was as follows:

|               | Principal | Interest Rate |
|---------------|-----------|---------------|
| Truck Lease   | \$ 27,622 | 2.70%         |
| Tractor Lease | 24,669    | 4.39%         |
|               | \$ 52,291 |               |

**Leases**

The Township leases buildings, vehicles and other equipment under non-cancelable leases. The Township disbursed \$32,404 to pay lease costs for the year ended December 31, 2019.

In 2014, the Township entered into a lease with an option to purchase with Santander Leasing LLC for the use of an International Terra Star truck. The lease is for 7 years with 84 monthly payments of \$1,414, totaling \$118,776. At the end of the 7 year period, the Township has the option to purchase the truck for no additional cost. The truck leased is used for road repairs and maintenance. Payments are made from the General, Gasoline Tax and Road and Bridge Funds.

In 2015, the Township approved to enter into a lease with an option to purchase with Agri-credit Acceptance LLC for the use of a utility tractor. The lease is for 7 years, with 83 monthly payments of \$869, totaling \$72,127. At the end of the 7 year period, the Township has the option to purchase the tractor for no additional cost. The tractor leased is used for road repairs and maintenance. Payments are made from the Gasoline Tax and Motor Vehicle License Tax Funds.

In 2015, the Township approved to enter into a lease with an option to purchase with Troy and Jessica Thorne for the use of real estate. The lease is for 5 years, with 5 annual payments of \$5,000, totaling \$25,000. The lease was paid in full during 2019.

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

| Year Ending<br>December 31: | Truck Lease | Tractor Lease |
|-----------------------------|-------------|---------------|
| 2020                        | \$ 16,968   | \$ 10,436     |
| 2021                        | 11,312      | 10,436        |
| 2022                        | -           | 5,214         |
| Total                       | \$ 28,280   | \$ 26,086     |

**Note 10 – Subsequent Events**

The Township has applied for an Issue II grant to help in a Capital Project road improvement for 2019. Also, 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. The impact on the Township's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**FRANKLIN TOWNSHIP  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|  | General   | Special<br>Revenue | Totals<br>(Memorandum<br>Only) |
|--|-----------|--------------------|--------------------------------|
| <b>Cash Receipts</b>   |           |                    |                                |
| Property and Other Local Taxes                               | \$ 28,014 | \$ 257,603         | \$ 285,617                     |
| Intergovernmental  | 30,424    | 118,689            | 149,113                        |
| Miscellaneous  | 3,150     | 3,709              | 6,859                          |
| <i>Total Cash Receipts</i>                                   | 61,588    | 380,001            | 441,589                        |
| <b>Cash Disbursements</b>                                    |           |                    |                                |
| Current:   |           |                    |                                |
| General Government   | 59,835    | 6,553              | 66,388                         |
| Public Safety  | -         | 124,398            | 124,398                        |
| Public Works   | 4,729     | 252,928            | 257,657                        |
| Human Services   | -         | 1,254              | 1,254                          |
| Capital Outlay   | -         | 6,977              | 6,977                          |
| Debt Service:  |           |                    |                                |
| Principal Retirement   | -         | 29,303             | 29,303                         |
| Interest and Fiscal Charges                                  | -         | 3,101              | 3,101                          |
| <i>Total Cash Disbursements</i>                              | 64,564    | 424,514            | 489,078                        |
| <i>Net Change in Fund Cash Balances</i>                      | (2,976)   | (44,513)           | (47,489)                       |
| <i>Fund Cash Balances, January 1 (Restated, See Note 11)</i> | 25,867    | 151,744            | 177,611                        |
| <b>Fund Cash Balances, December 31</b>                       |           |                    |                                |
| Restricted   | -         | 21,867             | 21,867                         |
| Committed  | -         | 85,364             | 85,364                         |
| Assigned   | 22,891    | -                  | 22,891                         |
| <i>Fund Cash Balances, December 31</i>                       | \$ 22,891 | \$ 107,231         | \$ 130,122                     |

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



**Note 1 – Reporting Entity**

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***Public Entity Risk Pool***

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

***Basis of Presentation***

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

***Fund Accounting***

The Township uses funds to maintain 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:

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

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

***Road and Bridge Fund*** The Road and Bridge Fund accounts for and reports all disbursements committed to roads, including improvements, paving, snow removal, salt/sand, gravel, blacktop, maintenance, payroll, supplies, purchases, fuel, vehicle equipment and maintenance. This fund is also used for construction of new and future facilities.

***Fire Fund*** The Fire Fund accounts for and reports proceeds from property taxes restricted for fire department and life squad protection and emergency services.

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

***Fund Accounting (Continued)***

**Road Levy Fund** The Road Levy Fund accounts for and reports all disbursements committed to roads, including improvements, paving, snow removal, salt/sand, gravel, blacktop, maintenance, payroll, supplies, purchases, fuel, vehicle equipment and maintenance. This fund is also used for construction of new and future facilities.

**Miscellaneous Special Revenue Fund** The Miscellaneous Special Revenue Fund includes RUMA monies contracted by the well and pipeline companies that have placed wells within the Township. The RUMA is an agreement between the individual companies and the Township. The agreed upon money is only to be used if the individual companies do not fix and repair any damage to the road that they have caused.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2- 03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board Recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

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

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

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

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

A summary of 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.

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

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

**Capital Assets**

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

**Fund Balance**

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

**Nonspendable** The Township classifies assets as Non-spendable 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.

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2018 follows:

| 2018 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$ 48,738            | \$ 61,588          | \$ 12,850 |
| Special Revenue                   | 374,987              | 380,001            | 5,014     |
| Total                             | \$ 423,725           | \$ 441,589         | \$ 17,864 |

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

**Note 3 – Budgetary Activity (Continued)**

| 2018 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |            |
|---|----------------------------|---------------------------|------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
| General   | \$ 77,242                  | \$ 65,259                 | \$ 11,983  |
| Special Revenue                                       | 526,729                    | 425,702                   | 101,027    |
| Total   | \$ 603,971                 | \$ 490,961                | \$ 113,010 |

**Note 4 – Deposits**

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

|                 |            |
|-----------------|------------|
| Demand deposits | 2018       |
|                 | \$ 130,122 |

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation.

**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.

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**

***Workers' Compensation***

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.

***Risk Pool Membership***

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.

**Note 6 – Risk Management (Continued)**

***Risk Pool Membership (Continued)***

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

|                 |                     |
|-----------------|---------------------|
| Assets          | \$15,065,412        |
| Liabilities     | <u>(10,734,623)</u> |
| Members’ Equity | <u>\$ 4,330,789</u> |

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0.0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 9 – Debt**

Debt outstanding at December 31, 2018 was as follows:

|               | Principal | Interest Rate |
|---------------|-----------|---------------|
| Truck Lease   | \$ 43,608 | 2.70%         |
| Tractor Lease | 33,804    | 4.39%         |
| House Lease   | 5,000     | 0%            |
|               | \$ 82,412 |               |

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

**Note 9 – Debt (Continued)**

**Leases**

The Township leases buildings, vehicles and other equipment under non-cancelable leases. The Township disbursed \$32,404 to pay lease costs for the year ended December 31, 2018.

In 2014, the Township entered into a lease with an option to purchase with Santander Leasing LLC for the use of an International Terra Star truck. The lease is for 7 years with 84 monthly payments of \$1,414, totaling \$118,776. At the end of the 7 year period, the Township has the option to purchase the truck for no additional cost. The truck leased is used for road repairs and maintenance. Payments are made from the General, Gasoline Tax and Road and Bridge Funds.

In 2015, the Township approved to enter into a lease with an option to purchase with Agri-credit Acceptance LLC for the use of a utility tractor. The lease is for 7 years, with 83 monthly payments of \$869, totaling \$72,127. At the end of the 7 year period, the Township has the option to purchase the tractor for no additional cost. The tractor leased is used for road repairs and maintenance. Payments are made from the Gasoline Tax and Motor Vehicle License Tax Funds.

In 2015, the Township approved to enter into a lease with an option to purchase with Troy and Jessica Thorne for the use of real estate. The lease is for 5 years, with 5 annual payments of \$5,000, totaling \$25,000. The Township is responsible for all real estate taxes, assessments and liability insurance on the property. The real estate leased is used for Township government business and storage of stone and ash. Payments are made from the Road Levy Fund.

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

| Year Ending<br>December 31: | Truck Lease | Tractor Lease | House Lease |
|-----------------------------|-------------|---------------|-------------|
| 2019                        | \$ 16,968   | \$ 10,436     | \$ 5,000    |
| 2020                        | 16,968      | 10,436        | 5,000       |
| 2021                        | 11,312      | 10,436        | -           |
| 2022                        | -           | 5,214         | -           |
| Total                       | \$ 45,248   | \$ 36,522     | \$ 10,000   |

**Note 10 – Subsequent Events**

The Township has applied for an Issue II grant to help in a Capital Project road improvement for 2019. Also, 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. The impact on the Township's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 11 – Prior Period Restatement**

The beginning balance of the Township's General Fund was restated to account for a reconciling error dating back before 2014. In subsequent years the Township has been unable to find the source of the discrepancy. The Fiscal Officer obtained Board approval to adjust the unknown error due to inability to track the issue back an unknown period of time.

|   |           |
|---|-----------|
| Fund Balance, December 31, 2017                   | \$ 28,503 |
| Restatement due to errors from prior audit period | (2,636)   |
| Restated Fund Balance, January 1, 2018            | \$ 25,867 |



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

July 27, 2020

Franklin Township  
Columbiana County  
PO Box 3  
Summitville, Ohio 43962

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 **Franklin 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 July 27, 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 we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
Members: American Institute of Certified Public Accountants  
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

***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 communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**FRANKLIN TOWNSHIP  
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

| Finding Number | Finding Summary                                   | Status              | Additional Information            |
|----------------|---|---------------------|-----------------------------------|
| 2017-001       | Posting Receipts, Disbursements and Fund Balances | Partially Corrected | Repeated in the management letter |
| 2017-002       | Budgetary Controls                                | Partially Corrected | Repeated in the management letter |

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# OHIO AUDITOR OF STATE KEITH FABER



**FRANKLIN 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 11/12/2020**

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)