



***FRANKLIN TOWNSHIP
ROSS COUNTY***

Regular Audit

**For the Years Ended
December 31, 2020 and 2019**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS



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
3441 Moss Hollow Road
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of Franklin Township, Ross County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2019 through December 31, 2020. 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

July 22, 2021

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FRANKLIN TOWNSHIP, ROSS COUNTY
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Independent Auditor's Report

Board of Trustees
Franklin Township, Ross County
3441 Moss Hollow Road
Chillicothe, Ohio 45601

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 the Franklin Township, Ross County, Ohio (the Township) as of and for the years ended December 31, 2020 and 2019.

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 statements misstatement, whether due to fraud or error. In assessing those risks, we consider internal controls 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 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 opinion.

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

As described in Note 1 of the December 31, 2020 and 2019 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 American (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, 2020 and 2019, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Franklin Township, Ross County as of December 31, 2020 and 2019, and its combined cash receipts and disbursements 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) permits, described in Note 1.

Emphasis of Matter

As discussed in Note 9 to the 2020 and 2019 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 a report dated April 20, 2021 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.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

April 20, 2021

FRANKLIN TOWNSHIP, ROSS COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2020

	Governmental Fund Types			Totals
	General	Special Revenue	Debt Service	
<u>Cash Receipts:</u>				
Local Taxes	\$23,294	\$75,350	\$0	98,644
Intergovernmental	76,049	254,706	0	330,755
Charges for Services	0	13,776	0	13,776
Earnings on Investments	450	324	0	774
Other Revenue	3,762	1,516	0	5,278
Total Cash Receipts	103,555	345,672	0	449,227
<u>Cash Disbursements:</u>				
<i>Current:</i>				
General Government	52,641	22,442	0	75,083
Public Safety	0	167,595	0	167,595
Public Works	0	21,514	0	21,514
Health	11,711	0	0	11,711
Capital Outlay	0	8,930	0	8,930
<i>Debt Service:</i>				
Redemption of Principal	0	8,000	0	8,000
Interest and Fiscal Charges	0	165	0	165
Total Cash Disbursements	64,352	228,646	0	292,998
Total Cash Receipts Over/(Under) Cash Disbursements	39,203	117,026	0	156,229
Fund Cash Balances, January 1	269,993	517,372	6	787,371
<i>Fund Cash Balances, December 31</i>	<u>\$309,196</u>	<u>\$634,398</u>	<u>\$6</u>	<u>\$943,600</u>

See accompanying notes to the financial statements.

Franklin Township, Chillicothe, OH
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Franklin Township, Ross 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.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA is a risk-sharing pool available to Ohio Township for insurance coverage. Note 7 to the financial statements provide additional information for this entity.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

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.

C. 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.

Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

Franklin Township, Chillicothe, OH
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

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

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads.

Fire Fund - This fund receives property tax for operation of fire protection and emergency medical services.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had budgeted amounts, however, there were no actual receipts or disbursements in 2020.

4. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

General Bond (Note) Retirement – This fund receives real estate tax money for retirement of debt for a Dump Truck for the Road Department which was paid off in 2020.

E. Budgetary Process

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

1. Appropriations

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

Franklin Township, Chillicothe, OH
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled and re-appropriated in the subsequent year.

A summary of budgetary activity for 2020 appears in Note 3.

F. Fund Balance

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

1. Non-spendable

The Township classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

2. 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.

3. 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.

4. 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.

Franklin Township, Chillicothe, OH
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. 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.

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2020
Demand deposits	\$690,988
Money Market (Kingston National Bank)	252,612
Total deposits	943,600
Total investments	0
Total deposits and investments	\$943,600

Deposits: Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution’s public entity deposit pool.

Franklin Township, Chillicothe, OH
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2020

3. BUDGETARY ACTIVITY

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,059	\$103,555	\$54,496
Special Revenue	303,495	345,671	42,176
Debt Service	0	0	0
Capital Projects	18,750	0	(18,750)
Total	\$371,304	\$449,226	\$77,922

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$175,200	\$64,352	\$110,848
Special Revenue	326,267	228,646	97,621
Debt Service	0	0	0
Capital Projects	18,750	0	18,750
Total	\$520,217	\$292,998	\$227,219

4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Township. The County is responsible for assessing property as well as for billing, collecting, and distributing all property taxes on behalf of the Township.

5. DEBT

There is no outstanding at December 31, 2020.

Franklin Township, Chillicothe, OH
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2020

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

7. 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 2.0 percent during calendar year 2020.

8. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2020
Cash and Investments	\$35,207,320
Actuarial Liabilities	\$10,519,942

Franklin Township, Chillicothe, OH
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2020

9. COVID-19

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 investments of the pension and other employee benefit plan in which the Township participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. 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.

FRANKLIN TOWNSHIP, ROSS COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2019

	Governmental Fund Types			Totals
	General	Special Revenue	Debt Service	
<u>Cash Receipts:</u>				
Local Taxes	\$27,228	\$71,316	\$0	98,544
Intergovernmental	68,691	395,358	0	464,049
Charges for Services	0	7,804	0	7,804
Earnings on Investments	752	534	0	1,286
Other Revenue	3,221	6,394	0	9,615
Total Cash Receipts	99,892	481,406	0	581,298
<u>Cash Disbursements:</u>				
<i>Current:</i>				
General Government	100,945	22,784	0	123,729
Public Safety	0	60,777	0	60,777
Public Works	0	20,587	0	20,587
Health	5,802	0	0	5,802
Capital Outlay	0	370,741	0	370,741
<i>Debt Service:</i>				
Redemption of Principal	0	8,000	0	8,000
Interest and Fiscal Charges	0	426	0	426
Total Cash Disbursements	106,747	483,315	0	590,062
Total Cash Receipts Over/(Under) Cash Disbursements	(6,855)	(1,909)	0	(8,764)
Fund Cash Balances, January 1	276,848	519,281	6	796,135
<i>Fund Cash Balances, December 31</i>	<u>\$269,993</u>	<u>\$517,372</u>	<u>\$6</u>	<u>\$787,371</u>

See accompanying notes to the financial statements.

Franklin Township, Chillicothe, OH
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Franklin Township, Ross 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.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. OTARMA is a risk-sharing pool available to Ohio Township for insurance coverage. Note 7 to the financial statements provide additional information for this entity.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

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.

C. 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.

Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

Franklin Township, Chillicothe, OH
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

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Fire Fund - This fund receives property tax for operation of fire protection and emergency medical services.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

General Bond (Note) Retirement – This fund receives real estate tax money for retirement of debt for a Dump Truck for the Road Department which will be paid off in 2020.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

Franklin Township, Chillicothe, OH
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled and re-appropriated in the subsequent year.

A summary of budgetary activity for 2019 appears in Note 3.

F. Fund Balance

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

The classifications are as follows:

1. Non-spendable

The Township classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

2. 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.

3. 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.

4. 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.

5. 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.

Franklin Township, Chillicothe, OH
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2019
Demand deposits	\$635,122
Money Market (Kingston National Bank)	152,249
Total deposits	787,371
Total investments	0
Total deposits and investments	\$787,371

Deposits: Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

Franklin Township, Chillicothe, OH
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2019

3. BUDGETARY ACTIVITY

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,269	\$99,892	\$53,623
Special Revenue	433,424	481,406	47,982
Debt Service	8,420	0	(8,420)
Total	\$488,113	\$581,298	\$93,185

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$180,100	\$106,747	\$73,353
Special Revenue	670,350	483,315	187,035
Debt Service	8,424	0	8,424
Total	\$858,874	\$590,062	\$268,812

4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Township. The County is responsible for assessing property as well as for billing, collecting, and distributing all property taxes on behalf of the Township.

5. DEBT

Debt outstanding at December 31, 2019 is as follows:

	Principal	Interest Rate
Dump Truck	8,000	2.65%
Total	\$8,000	

Franklin Township, Chillicothe, OH
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2019

5. DEBT (CONTINUED)

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

	Principal + Interest	Interest Rate
Year Ending December 31:		
2020	\$8,213	2.65%
Total	\$8,213	

6. RETIREMENT SYSTEMS

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

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

7. 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 2.0 percent during calendar year 2019.

8. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Vehicles
- Property
- Equipment breakdown

Franklin Township, Chillicothe, OH
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2019

8. RISK MANAGEMENT (CONTINUED)

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2019
Cash and Investments	\$35,207,320
Actuarial Liabilities	\$10,519,942

9. COVID-19

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 investments of the pension and other employee benefit plan in which the Township participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. 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.

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards***

Board of Trustees
Phil Hartman, Fiscal Officer
Franklin Township, Ross County
3441 Moss Hollow Road
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the Franklin Township, Ross County, Ohio (the Township), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated April 20, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures that 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 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 identified a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Board of Trustees
Franklin Township, Ross County
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards*

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2020-001.

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.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

April 20, 2021

FRANKLIN TOWNSHIP, ROSS COUNTY
Schedule of Findings
For the Years Ended December 31, 2020 and 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number 2020-001

Noncompliance/Material Weakness

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

In 2020:

- General Fund intergovernmental revenue of \$15,700 misposted as taxes revenue;
- General Fund Fund Balance overstated by \$7,486;
- Some Adjustments were made to the notes to the financial statements.

In 2019:

- General Fund intergovernmental revenue of \$15,538 misposted as taxes revenue;
- Road and Bridge Fund intergovernmental revenue of \$56 misposted as taxes revenue;
- Special Levy - Fire Fund intergovernmental revenue of \$147 misposted as taxes revenue;
- Some Adjustments were made to the notes to the financial statements.

These misstatements were caused by a lack of management oversight. As a result, significant adjustments and reclassifications, with which the Township's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

We recommend the Fiscal Officer refer to Appendix A of the Township Officer's Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the financial statements reflect the appropriation sources of the receipts and expenditures.

Officials' Response:

I understand the adjustments in question. I have made the correcting entry in UAN for the posting error that caused an overstatement to cash. I will try to post all entries correctly moving forward.

OHIO AUDITOR OF STATE KEITH FABER



FRANKLIN TOWNSHIP

ROSS 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 8/3/2021

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

This report is a matter of public record and is available online at
www.ohioauditor.gov