



OHIO AUDITOR OF STATE
KEITH FABER



FRANKLIN TOWNSHIP
WARREN COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Franklin Township
Warren County
418 Fairview Drive
Franklin, OH 45005

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Franklin Township, Warren County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2024, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
February 5, 2024

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Franklin Township
Warren County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$507,858	\$680,634		\$1,188,492
Licenses, Permits and Fees	141,384	138,284		279,668
Intergovernmental	126,655	1,017,043	150,474	1,294,172
Special Assessments		34,928		34,928
Earnings on Investments	4,377	1,214		5,591
Miscellaneous		111,843	13,250	125,093
<i>Total Cash Receipts</i>	<u>780,274</u>	<u>1,983,946</u>	<u>163,724</u>	<u>2,927,944</u>
Cash Disbursements				
Current:				
General Government	454,295	69,231		523,526
Public Safety	41,727	457,474		499,201
Public Works	7,371	428,660		436,031
Health	7,718	262,785		270,503
Human Services	0	151,079		151,079
Conservation-Recreation	20,378	5,506		25,884
Capital Outlay	218,545	184,482	172,794	575,821
<i>Total Cash Disbursements</i>	<u>750,034</u>	<u>1,559,217</u>	<u>172,794</u>	<u>2,482,045</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>30,240</u>	<u>424,729</u>	<u>(9,070)</u>	<u>445,899</u>
Other Financing Receipts (Disbursements)				
Other Financing Sources	9,271	8,992		18,263
Other Financing Uses	(49,188)			(49,188)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(39,917)</u>	<u>8,992</u>	<u>0</u>	<u>(30,925)</u>
<i>Net Change in Fund Cash Balances</i>	(9,677)	433,721	(9,070)	414,974
<i>Fund Cash Balances, January 1</i>	<u>819,582</u>	<u>1,712,135</u>	<u>24,142</u>	<u>2,555,859</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$809,905</u></u>	<u><u>\$2,145,856</u></u>	<u><u>\$15,072</u></u>	<u><u>\$2,970,833</u></u>

See accompanying notes to the basic financial statements

Franklin Township
Warren County, Ohio
Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Private Purpose Trust Fund
For the Year Ended December 31, 2022

<i>Total Additions</i>	<u>0</u>
<i>Total Deductions</i>	<u>0</u>
<i>Net Change in Fund Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>\$2,000</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,000</u></u>

See accompanying notes to the basic financial statements

Franklin Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Franklin Township, Warren 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. Franklin Township has a contract with the City of Franklin and City of Middletown to cover areas of the Township for Fire protection. The City of Franklin Fire Department receives \$425.00 per contract for each call they cover in the contracted area. The City of Middletown Fire Department receives \$425.00 per contract for each call they cover in the contracted area. The Township can cancel the contract at any time.

Jointly Governed Organizations and Public Entity Risk Pool

The Township participates in a jointly governed organization and a public entity risk pool. Notes 6 and 10 to the financial statements provide additional information for these entities. 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, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

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

General Fund

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

Special Revenue Funds

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

Road and Bridge Fund

The road and bridge fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Gas Tax Fund

The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund

The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Permissive Motor Vehicle Tax

Vehicle registration permissive tax "(hereinafter referred to as "permissive tax") is an optional tax that can be levied by counties and/or taxing districts on vehicle registrations. Permissive tax revenue is to be used for planning, constructing, improving maintaining and repairing public roads, highways, streets, and for the maintaining and repair of bridges and viaducts.

Cemetery Fund

This fund received money through plots being purchased, opening and closing of plots and foundations being poured. The money is to be used for maintenance and repairs, payroll and operating supplies for the Township's cemetery.

Franklin Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Fire Fund

This fund receives property tax money for providing fire protection to Township residents.

Senior Levy Fund

This fund receives property tax money for providing services to seniors living in the Township, Bus Service and Building expenses.

Lighting Assessment

This fund receives property tax for street lighting and is assessed once a year in September of the previous year.

Capital Project Funds

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

LOEB Foundation Fund

This fund receives grant money to be used for fire services.

CDBG Grant Fund

This fund receives grant money to be used for road and bridge projects.

Middletown Community Foundation Fund

This fund receives money through a grant and is to be used for park recreation.

Fiduciary Funds

Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

The Township's private purpose trust funds are for the benefit of individual cemetery lots.

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 (C). 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 (C) 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.

Franklin Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Encumbrances

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

A summary of 2022 budgetary activity appears in Note 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 disbursement, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

For regulatory purposes, limited disclosure related to fund balances is included in Note 11.

Franklin Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$724,424	\$789,545	\$65,121
Special Revenue	\$1,847,084	\$1,992,938	\$145,854
Capital Projects	\$155,000	\$163,724	\$8,724
Total	\$2,726,508	\$2,946,207	\$219,699

2022 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,394,648	\$849,216	\$545,432
Special Revenue	\$3,036,917	\$2,142,169	\$894,748
Capital Projects	\$189,616	\$186,384	\$3,232
Total	\$4,621,181	\$3,177,769	\$1,443,412

Note 4 – 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 31 was as follows:

	<u>2022</u>
Demand Deposits	\$2,866,656
Star Ohio	\$106,177
Total Deposits and Investments	\$2,972,833

Deposits

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

Investments

The financial institution maintains records identifying the Township as owner of these securities.

Investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form.

Note 5– Property Taxes

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

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

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

Franklin Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 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 (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile 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:

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System Employees belong to the Ohio Public Employees Retirement System (OPERS). Except Volunteer Firemen. 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, 2022.

Social Security

Township's Volunteer Firefighter's contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0.0 percent during calendar year 2022.

Franklin Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
2019 Snowplow Lease	\$27,414	3.85
Total	\$27,414	

Financed Purchase

The Township has entered into a financed purchase agreement for equipment where ownership of the underlying asset transfers to the Township by the end of the contract. The Township disbursed \$28,455 to pay these costs for the fiscal year ended December 31, 2022.

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

<u>Year Ending December 31:</u>	<u>Financed Purchase</u>
2023	\$28,455
Total	\$28,455

Note 10 – Jointly Governed Organization

Franklin Township and the Village of Carlisle are covered by Joint Emergency Medical Service for EMS Service. There is one Trustee from Franklin Township and from the Village of Carlisle that sits on the Board of Directors for Joint Emergency Medical Service. Joint Emergency Medical Service is its own Local Government Agency that is supported on three property tax levies. The Township does not pay Joint Emergency Medical Service.

Note 11 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	1,604			\$1,604
Outstanding Encumbrances	49,994	582,952	13,590	\$646,536
Total	\$51,598	\$582,952	\$13,590	\$648,140

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

Franklin Township
Warren County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$429,092	\$622,210		\$1,051,302
Charges for Services		1,400		1,400
Licenses, Permits and Fees	139,869	147,945		287,814
Intergovernmental	108,055	1,007,313	149,082	1,264,450
Special Assessments		34,344		34,344
Earnings on Investments	1,449	445		1,894
Miscellaneous	75	93,534	22,320	115,929
<i>Total Cash Receipts</i>	<u>678,540</u>	<u>1,907,191</u>	<u>171,402</u>	<u>2,757,133</u>
Cash Disbursements				
Current:				
General Government	423,222	34,573		457,795
Public Safety	21,143	259,175		280,318
Public Works	6,657	490,210		496,867
Health	10,286	201,097		211,383
Human Services		119,780		119,780
Conservation-Recreation	14,077	24,600		38,677
Capital Outlay	152,933	30,171	175,650	358,754
<i>Total Cash Disbursements</i>	<u>628,318</u>	<u>1,159,606</u>	<u>175,650</u>	<u>1,963,574</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>50,222</u>	<u>747,585</u>	<u>(4,248)</u>	<u>793,559</u>
Other Financing Receipts (Disbursements)				
Other Financing Sources	11,322	11,700		23,022
Other Financing Uses	(115,642)	(16,995)		(132,637)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(104,320)</u>	<u>(5,295)</u>	<u>0</u>	<u>(109,615)</u>
<i>Net Change in Fund Cash Balances</i>	(54,098)	742,290	(4,248)	683,944
<i>Fund Cash Balances, January 1</i>	<u>873,680</u>	<u>969,845</u>	<u>28,390</u>	<u>1,871,915</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$819,582</u></u>	<u><u>\$1,712,135</u></u>	<u><u>\$24,142</u></u>	<u><u>\$2,555,859</u></u>

See accompanying notes to the basic financial statements

Franklin Township
Warren County, Ohio
Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Private Purpose Trust Fund
For the Year Ended December 31, 2021

<i>Total Additions</i>	0
<i>Total Deductions</i>	0
<i>Net Change in Fund Balances</i>	0
<i>Fund Cash Balances, January 1</i>	\$2,000
<i>Fund Cash Balances, December 31</i>	\$2,000

See accompanying notes to the basic financial statements

Franklin Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

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Jointly Governed Organizations and Public Entity Risk Pool

The Township participates in a jointly governed organization and a public entity risk pool. Notes 6 and 10 to the financial statements provide additional information for these entities. 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, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

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

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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.

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The road and bridge fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund

The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Permissive Motor Vehicle Tax

Vehicle registration permissive tax "(hereinafter referred to as "permissive tax") is an optional tax that can be levied by counties and/or taxing districts on vehicle registrations. Permissive tax revenue is to be used for planning, constructing, improving maintaining and repairing public roads, highways, streets, and for the maintaining and repair of bridges and viaducts.

Cemetery Fund

This fund received money through plots being purchased, opening and closing of plots and foundations being poured. The money is to be used for maintenance and repairs, payroll and operating supplies for the Township's cemetery.

Franklin Township
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Notes to the Financial Statements
For the Year Ended December 31, 2021

Fire Fund

This fund receives property tax money for providing fire protection to Township residents.

Senior Levy Fund

This fund receives property tax money for providing services to seniors living in the Township, Bus Service and Building expenses.

Lighting Assessment

This fund receives property tax for street lighting and is assessed once a year in September of the previous year.

Capital Project Funds

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

LOEB Foundation Fund

This fund receives grant money to be used for fire services.

CDBG Grant Fund

This fund receives grant money to be used for road and bridge projects.

Middletown Community Foundation Fund

This fund receives money through a grant and is to be used for park recreation.

Fiduciary Funds

Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

The Township's private purpose trust funds are for the benefit of individual cemetery lots.

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 (C). 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 (C) 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.

Franklin Township
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Notes to the Financial Statements
For the Year Ended December 31, 2021

Encumbrances

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

A summary of 2021 budgetary activity appears in Note 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 disbursement, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

For regulatory purposes, limited disclosure related to fund balances is included in Note 11.

Franklin Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$639,256	\$689,862	\$50,606
Special Revenue	\$966,500	\$1,918,891	\$952,391
Capital Projects	\$10,000	\$171,402	\$161,402
Total	\$1,615,756	\$2,780,155	\$1,164,399

2021 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,510,190	\$749,230	\$760,960
Special Revenue	\$2,624,393	\$1,184,386	\$1,440,007
Capital Projects	\$199,791	\$197,970	\$1,821
Total	\$4,334,374	\$ 2,131,586	\$2,202,788

Note 4 – 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 31 was as follows:

	<u>2021</u>
Demand Deposits	\$2,453,468
Total Deposits	\$2,453,468
Star Ohio	\$104,391
Total Investments	\$104,391
Total Deposits and Investments	\$2,557,859

Deposits

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

Investments

The financial institution maintains records identifying the Township as owner of these securities.

Investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form.

Note 5– Property Taxes

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

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

Franklin Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 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 (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile 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:

	<u>2021</u>
Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System Employees belong to the Ohio Public Employees Retirement System (OPERS). Except Volunteer Firemen. 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, 2021.

Social Security

Township's Volunteer Firefighter's contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0.0 percent during calendar year 2021.

Franklin Township
Warren County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt

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

	<u>Principal</u>	<u>Interest Rate</u>
2019 Snowplow Lease	\$53,798	3.85
Total	\$53,798	

Leases

The Township leases equipment under noncancelable leases. The Township disbursed \$95,134 to pay lease costs for the year ended December 31, 2021. The 2015 wheel loader lease and 2016 loader backhoe lease were paid off during 2021.

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

<u>Year Ending December 31:</u>	<u>Leases</u>
2022	\$28,455
2023	\$28,455
Total	\$56,910

Note 10 – Jointly Governed Organization

Franklin Township and the Village of Carlisle are covered by Joint Emergency Medical Service for EMS Service. There is one Trustee from Franklin Township and from the Village of Carlisle that sits on the Board of Directors for Joint Emergency Medical Service. Joint Emergency Medical Service is its own Local Government Agency that is supported on three property tax levies. The Township does not pay Joint Emergency Medical Service.

Note 11 – Fund Balances

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	1,604			\$1,604
Outstanding Encumbrances	5,270	7,785	22,320	\$35,375
Total	\$6,874	\$7,785	\$22,320	\$36,979

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

OHIO AUDITOR OF STATE KEITH FABER



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

Franklin Township
Warren County
418 Fairview Drive
Franklin, OH 45005

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Franklin Township, Warren County, (the Township) and have issued our report thereon dated February 5, 2024, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio
February 5, 2024

OHIO AUDITOR OF STATE KEITH FABER



FRANKLIN TOWNSHIP

WARREN 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 2/20/2024

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