



OHIO AUDITOR OF STATE
KEITH FABER



**FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY
DECEMBER 31, 2021, 2020 AND 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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Report on the Financial Statements, Internal Control, and Compliance

Franklin Township
Tuscarawas County
PO Box 161
Strasburg, Ohio 44680

To the Board of Trustees:

We have selectively tested certain accounts, financial records, reports and other documentation of Franklin Township, Tuscarawas County, Ohio (the Township), as of and for the years ended December 31, 2021, 2020 and 2019. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

Internal Control Over Financial Reporting

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider Findings 2021-012 through 2021-015 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

Compliance and Other Matters

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Township, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as items 2021-001 through 2021-011.

Township's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

October 11, 2023

**FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY**

**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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$70,451	\$299,981	\$370,432
Intergovernmental	44,018	273,780	317,798
Earnings on Investments	69	45	114
<i>Total Cash Receipts</i>	114,538	573,806	688,344
Cash Disbursements			
Current:			
General Government	179,722	0	179,722
Public Safety	0	2,756	2,756
Public Works	0	411,675	411,675
Health	0	101,225	101,225
<i>Total Cash Disbursements</i>	179,722	515,656	695,378
<i>Net Change in Fund Cash Balances</i>	(65,184)	58,150	(7,034)
<i>Fund Cash Balances, January 1</i>	142,739	955,130	1,097,869
<i>Fund Cash Balances, December 31</i>	\$77,555	\$1,013,280	\$1,090,835

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

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

Note 1 – Reporting Entity

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

Jointly Governed Organization and Public Entity Risk Pool

The Township participates in the Tuscarawas County Regional Planning Commission, a jointly governed organization and in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Notes 10 and 11 to the financial statements provides 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.

Fund Accounting

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

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

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

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

Road and Bridge Fund The road and bridge fund accounts for and reports property taxes restricted for maintenance and repair of roads within the Township.

Cemetery Fund The cemetery fund accounts for and reports property taxes restricted for the cemetery.

Fire District Fund The fire district fund accounts for and reports property taxes restricted for fire protection and emergency medical services.

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2021 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriations authority in the General Fund by \$25,013 for the year ended December 31, 2021.

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

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$174,067	\$114,538	(\$59,529)
Special Revenue	1,120,164	573,806	(546,358)
Total	\$1,294,231	\$688,344	(\$605,887)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$160,801	\$185,814	(\$25,013)
Special Revenue	1,067,046	557,641	509,405
Total	\$1,227,847	\$743,455	\$484,392

Note 5 – Deposits and Investments

The Township maintains a deposits 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:

	2021
Demand deposits	\$1,090,835

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$5,179 in unremitted employee payroll withholdings.

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.

At December 31, 2021, \$348,682 of deposits were not insured or collateralized. The Township’s financial institution participates in the Ohio Pooled Collateral System and was approved for a reduced collateral floor of 60 percent resulting in the uninsured and uncollateralized balance.

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

Note 6 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Note 7 – 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.

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 Township'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, 2021:

Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 10 – Jointly Governed Organization

The Township is associated with the Tuscarawas County Regional Planning Commission, (the Commission) as a Jointly Governed Organization. The Commission is statutorily created political subdivision of the State. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county. The Township contributed \$334 in 2021 to the Regional Planning Commission.

Note 11 – Public Entity Risk Pool

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risksharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

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

Note 12 – Fund Balances

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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$ 6,093	\$ 41,985	\$ 48,078

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

Note 13 – COVID

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 14 – Special Investigation

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

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**FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$68,585	\$295,702	\$364,287
Intergovernmental	56,973	354,924	411,897
Earnings on Investments	60	39	99
<i>Total Cash Receipts</i>	125,618	650,665	776,283
Cash Disbursements			
Current:			
General Government	104,993	0	104,993
Public Safety	0	82,165	82,165
Public Works	0	296,721	296,721
Health	0	1,199	1,199
Other	0	120,143	120,143
<i>Total Cash Disbursements</i>	104,993	500,228	605,221
<i>Net Change in Fund Cash Balances</i>	20,625	150,437	171,062
<i>Fund Cash Balances, January 1</i>	122,114	804,693	926,807
<i>Fund Cash Balances, December 31</i>	\$142,739	\$955,130	\$1,097,869

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

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Franklin Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

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

Jointly Governed Organization and Public Entity Risk Pool

The Township participates in the Tuscarawas County Regional Planning Commission, a jointly governed organization and in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Notes 10 and 11 to the financial statements provides 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.

Fund Accounting

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

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

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

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

Road and Bridge Fund The road and bridge fund accounts for and reports property taxes restricted for maintenance and repair of roads within the Township.

Cemetery Fund The cemetery fund accounts for and reports property taxes restricted for the cemetery.

Fire District Fund The fire district fund accounts for and reports property taxes restricted for fire protection and emergency medical services.

Franklin Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2020 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Franklin Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, appropriations exceeded total available resources in the Coronavirus Relief Fund by \$120,143 for the year ended December 31, 2020.

Franklin Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$125,833	\$125,618	(\$215)
Special Revenue	378,627	650,665	\$272,038
Total	\$504,460	\$776,283	\$271,823

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$130,146	\$110,634	\$19,512
Special Revenue	1,113,472	511,334	602,138
Total	\$1,243,618	\$621,968	\$621,650

Note 5 – Deposits and Investments

The Township maintains a deposits 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:

	2020
Demand deposits	\$1,097,869

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$17,044 in unremitted employee payroll withholdings.

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.

At December 31, 2020, \$421,465 of deposits were not insured or collateralized. The Township's financial institution participates in the Ohio Pooled Collateral System and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

Franklin Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Note 7 – 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.

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 Township'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, 2020:

Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

Franklin Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care 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, 2020.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 10 – Jointly Governed Organization

The Township is associated with the Tuscarawas County Regional Planning Commission, (the Commission) as a Jointly Governed Organization. The Commission is statutorily created political subdivision of the State. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county. The Township contributed \$334 in 2020 to the Regional Planning Commission.

Note 11 – Public Entity Risk Pool

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risksharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

Franklin Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Fund Balances

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	Total
Outstanding Encumbrances	\$ 5,641	\$ 11,106	\$ 16,747

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

Note 13 – COVID

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Township received CARES Act funding. Of the amounts received, \$120,143 was spent on-behalf of other governments. These amounts are reflected as other expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

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**FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$60,216	\$269,262	\$329,478
Intergovernmental	43,333	137,285	180,618
Earnings on Investments	63	31	94
<i>Total Cash Receipts</i>	<u>103,612</u>	<u>406,578</u>	<u>510,190</u>
Cash Disbursements			
Current:			
General Government	101,249	0	101,249
Public Safety	0	7,382	7,382
Public Works	0	204,250	204,250
Health	0	101,435	101,435
<i>Total Cash Disbursements</i>	<u>101,249</u>	<u>313,067</u>	<u>414,316</u>
<i>Net Change in Fund Cash Balances</i>	2,363	93,511	95,874
<i>Fund Cash Balances, January 1 (Restated See Note 12)</i>	<u>119,751</u>	<u>711,182</u>	<u>830,933</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$122,114</u></u>	<u><u>\$804,693</u></u>	<u><u>\$926,807</u></u>

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

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

Note 1 – Reporting Entity

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

Jointly Governed Organization and Public Entity Risk Pool

The Township participates in the Tuscarawas County Regional Planning Commission, a jointly governed organization and in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Notes 10 and 11 to the financial statements provides 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.

Fund Accounting

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

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

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

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

Road and Bridge Fund The road and bridge fund accounts for and reports property taxes restricted for maintenance and repair of roads within the Township.

Cemetery Fund The cemetery fund accounts for and reports property taxes restricted for the cemetery.

Fire District Fund The fire district fund accounts for and reports property taxes restricted for fire protection and emergency medical services.

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

Basis of Accounting

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

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

Budgetary Process

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

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

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

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

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

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

Fund Balance

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

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

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio Rev. Code § 5705.38(A), the Township did not pass an annual appropriations measure for 2019 which resulted in all Township fund expenditures exceeding appropriations in 2019 contrary to Ohio Rev. Code § 5705.41(B).

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

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$108,977	\$103,612	(\$5,365)
Special Revenue	373,689	406,578	32,889
Total	\$482,666	\$510,190	\$27,524

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$101,249	(\$101,249)
Special Revenue	0	313,067	(313,067)
Total	\$0	\$414,316	(\$414,316)

Note 5 – Deposits and Investments

The Township maintains a deposits 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:

	2019
Demand deposits	\$926,807

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.

At December 31, 2019, \$324,801 of deposits were not insured or collateralized. The Township’s financial institution participates in the Ohio Pooled Collateral System and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

Note 6 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Note 7 – 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.

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 Township'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, 2019:

Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 10 – Jointly Governed Organization

The Township is associated with the Tuscarawas County Regional Planning Commission, (the Commission) as a Jointly Governed Organization. The Commission is statutorily created political subdivision of the State. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county. The Township contributed \$334 in 2019 to the Regional Planning Commission.

Note 11 – Public Entity Risk Pool

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risksharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

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

Note 12 – Restatement

For 2019, the Village’s Financial records required reconstruction. As a result of the 2019 reconstruction, adjustments to the December 31, 2018 cash fund balances were required. The effect on these adjustments were as follows:

	General	Special Revenue	Total
Cash Fund Balance at December 31, 2018	\$32,101.00	\$568,956.00	\$601,057.00
Restatements	<u>\$87,650.00</u>	<u>\$142,227.00</u>	<u>\$229,877.00</u>
Restated Fund Balance at December 31, 2018:	<u>\$119,751.00</u>	<u>\$711,183.00</u>	<u>\$830,934.00</u>

Note 13 – Subsequent Events

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

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**FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021, 2020 AND 2019**

FINDING NUMBER 2021-001

Finding for Recovery – Repaid Under Audit

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

Ohio Rev. Code § 5747.07 requires an employing government to remit taxes which it withheld pursuant to **Ohio Rev. Code § 5705.06** (including the state payroll tax) to the appropriate authority. It also requires the employing government to report compensation paid and taxes withheld to the tax commissioner and to each of its own employees by January 31 of each year.

Tammy Spidell, the Township's Fiscal Officer, was the official responsible for withholding and remitting the required income taxes from Township employee earnings. Ms. Spidell withheld, as required, state taxes from the earnings of each Township employee. However, Ms. Spidell failed to transmit all required funds to the appropriate agency. The repeated failure to properly remit these payments is considered gross negligence.

As a result of the above mentioned instances regarding Ms. Spidell, the Township incurred penalties and interest charges from the State of Ohio. Specifically, the total amount of penalties and interest charges that were paid by the Township to the State of Ohio was \$2,685 of which was attributed to Ms. Spidell's failures to remit payments as required.

The penalties and interest charges paid by the Township serve no proper public purpose and could have been avoided had the funds been remitted as required by law.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Tammy Spidell, Township Fiscal Officer, and in the amount of \$2,685, and in favor of the Township’s General and Gasoline Tax Funds in the amounts of \$2,000 and \$685, respectively.

Tammy Spidell repaid the \$2,685 on September 11, 2023 on receipt number 20-2023. The amount was paid into Franklin Township’s General and Gasoline Tax Funds per the above allocation.

Officials’ Response: The Fiscal Officer has repaid the Finding for Recovery in the amount of \$2,685. Since the audit, the Trustees have had several discussions with the Fiscal Officer regarding her repeated failure to properly remit employee payroll taxes. The Trustees are having the Fiscal Officer research available reports in UAN that reflect the amount of payroll taxes collected and payable, which will enable the Trustees to track and verify that withholding are remitted on a timely bases.

**FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021, 2020 AND 2019
(Continued)**

FINDING NUMBER 2021-002

Finding for Recovery – Repaid Under Audit

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

Ohio Rev. Code § 145.47(B) requires each employer to report and pay amounts withheld from all employees for contributions to the Ohio Public Employees Retirement System (OPERS) within thirty days of the end of the reporting period in which amounts were withheld.

Tammy Spidell, the Township's Fiscal Officer, was the official responsible for withholding and remitting the required retirement contributions from Township employee earnings. Ms. Spidell withheld, as required, retirement contributions the earnings of each Township employee. However, Ms. Spidell failed to transmit all required funds to the appropriate agency. The repeated failure to properly remit these payments is considered gross negligence.

As a result of the above mentioned instances regarding Ms. Spidell, the Township incurred penalties and interest charges from Ohio Public Employee Retirement System (OPERS). Specifically, the total amount of penalties and interest charges that were paid by the Township to OPERS was \$857 of which was attributed to Ms. Spidell's failures to remit payments as required.

The penalties and interest charges paid by the Township serve no proper public purpose and could have been avoided had the funds been remitted as required by law.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Tammy Spidell, Township Fiscal Officer, and in the amount of \$857, and in favor of the Township’s General and Gasoline Tax Funds in the amounts of \$699 and \$158, respectively.

Tammy Spidell repaid the \$857 on September 11, 2023 on receipt number 20-2023. The amount was paid into Franklin Township’s General and Gasoline Tax Funds per the above allocation.

Officials’ Response: The Fiscal Officer has repaid the Finding for Recovery in the amount of \$857. Since the audit, the Trustees have had several discussions with the Fiscal Officer regarding her repeated failure to properly remit employee payroll taxes. The Trustees are having the Fiscal Officer research available reports in UAN that reflect the amount of payroll taxes collected and payable, which will enable the Trustees to track and verify that withholding are remitted on a timely bases.

**FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021, 2020 AND 2019
(Continued)**

FINDING NUMBER 2021-003

Noncompliance

Ohio Rev. Code § 117.103(B)(1) states that a public office shall provide information about the Ohio fraud-reporting system and the means of reporting fraud to each new employee upon employment with the public office. Each new employee shall confirm receipt of this information within thirty days after beginning employment. Since May 4, 2012, Ohio Rev. Code § 117.103(B)(2), has also required each public office to make all its employees aware of the fraud-reporting system. Ohio Rev. Code § 117.103(B)(3) provides that a public office satisfies these notification requirements by providing information about the fraud-reporting system and means of reporting fraud in the employee handbook or manual. Employees must sign and verify receipt of the handbook or manual.

For 2021, 2020, and 2019, the Township neither made its current employees aware of the new fraud reporting system nor made new employees confirm receipt of this information. Failure to notify employees of the fraud reporting system could lead to instances of unreported fraud.

In order to prevent unreported instances of fraud, the Township should communicate the fraud reporting system to its current employees and implement a process for informing new employees.

Officials' Response: The Trustees and Fiscal Officer are in the process of developing an employee handbook that will include information about the Ohio fraud reporting system and the means of reporting fraud. Trustees will be required to acknowledge the receipt and understanding of the handbook and fraud notice annually. Trustees will be subscribing to OTARMA's education program. A log of programs viewed by the Trustees and Fiscal Officer will be maintained.

FINDING NUMBER 2021-004

Noncompliance

Ohio Rev. Code § 117.38 provides that cash-basis entities must file annual reports with the Auditor of State within 60 days after the close of the fiscal year. The Auditor of State (AOS) may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office.

The Township did not file the 2020 and 2019 annual financial reports with the Auditor of State's Office until March 21, 2022.

The Township should prepare the annual reports timely based upon financial information in their accounting system.

Officials' Response: The Trustees have instructed the Fiscal Officer to put together a checklist showing the various reports and filing that are required each month. The checklist will be reviewed and documented in the monthly meeting minutes.

**FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021, 2020 AND 2019
(Continued)**

FINDING NUMBER 2021-005

Noncompliance

Ohio Rev. Code § 135.22(B) states that to enhance the background and working knowledge of treasurers in investments, cash management, and ethics, the treasurer of state shall provide annual continuing education programs for treasurers. A treasurer annually shall complete the continuing education programs described, unless the treasurer annually provides a notice of exemption.

The Township did not have any investments that required continuing education requirements; however, the Fiscal Officer did not provide a notice of exemption to the Auditor of State certified by the Treasurer of State for 2021, 2020 or 2019.

In order to maintain and/or enhance the working knowledge and prevent future occurrences of noncompliance, the Fiscal Officer shall attend the annual training or complete an annual exemption and submit to the Auditor of State's office.

Officials' Response: The Trustees have instructed the Fiscal Officer to put together a checklist showing the various reports and filing that are required each month. The checklist will be reviewed and documented in the monthly meeting minutes.

FINDING NUMBER 2021-006

Noncompliance

Ohio Rev. Code § 149.43(B)(2) states, in part, that a public office shall have available a copy of its current records retention schedule at a location readily available to the public.

Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1) require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee.

Ohio Rev. Code § 149.43(E)(2) states, in part, that the public office shall distribute the public records policy to the employee of the public office who is the records custodian or records manager or otherwise has custody of the records of that office. The public office shall require that employees acknowledge receipt of the copy of the public records policy. A public office that has established a manual or handbook of its general policies and procedures for all employees of the public office shall include the public records policy of the public office in the manual or handbook.

The Township did not establish a records retention schedule. As a result, there was an increased risk that records could be destroyed without obtaining the approval of the Ohio Historical Society and Auditor of State of Ohio, as required. In addition, none of the Township's elected officials, nor their designee, attended a public records training. The Township also failed to provide employees with a copy of the public records policy and maintain written evidence that the policy had been received. As a result, there was an increased risk that public records could be improperly denied to the public or improperly disposed of, which would potentially subject the Township to fines and other penalties.

The Township should consider consulting with the Ohio Historical Society regarding how long records are to be kept when developing a records retention schedule and policy for disposing of records. In addition, all elected officials should attend the required public records training for each term in office. They should also designate a public records custodian and maintain written evidence that the public records policy has been distributed to that employee.

**FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021, 2020 AND 2019
(Continued)**

FINDING NUMBER 2021-006 (Continued)

Noncompliance (Continued)

Officials' Response: The Trustees will be subscribing to OTARMA's education program. The Ohio Public Records Training will be required, and a log of all programs viewed by the Trustees and Fiscal Officer will be maintained. Trustees and Fiscal Officer are in the process of developing an employees' handbook that will include general policies and procedures, including a public records policy.

FINDING NUMBER 2021-007

Noncompliance

Ohio Rev. Code § 507.03 provides that, the Township Fiscal Officer, before entering upon the discharge of official duties, shall give a bond, payable to the board of township trustees, with sureties approved by the board conditioned for the faithful performance of the duties of the office of Township Fiscal Officer. This bond shall be recorded by the Township Fiscal Officer, filed with the County Treasurer, and carefully preserved.

The Fiscal Officer was not bonded for the period of January 1, 2019 through December 31, 2021.

The Board and Fiscal Officer should establish procedures to ensure appropriate officials are bonded in accordance with Ohio Rev. Code in the designated amounts.

Officials' Response: The Trustees have instructed the Fiscal Officer to put together a checklist showing the various reports and filing that are required each month. The checklist will be reviewed and documented in the monthly meeting minutes.

FINDING NUMBER 2021-008

Noncompliance

Ohio Rev. Code Section 5705.10(I) requires that money paid into any fund shall be used for the purposes for which such fund is established.

We noted the following errors:

- Auditor of State expenditure for reconstruction totaling \$14,061 was improperly posted to the Gasoline Tax Fund, rather than General Fund in 2021.
- An OTARMA expenditure for liability insurance totaling \$3,160 was improperly posted the Gasoline Tax Fund, rather than General Fund in 2020.

Adjustments, in which management agrees, have been posted to the Township's accounting records and are reflected in the accompanying financial statements.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and the risk that management would not be provided an accurate picture of the Township's financial position and operations.

The Township should ensure that all expenditures charged to a fund are consistent with the fund's purpose for which is was established.

Officials' Response: The Trustees have instructed the Fiscal Officer to obtain a list of proper uses of each of the various funds, which will be included in the township handbook.

**FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021, 2020 AND 2019
(Continued)**

FINDING NUMBER 2021-009

Noncompliance

Ohio Rev. Code § 5705.38(A) states that on or about the first day of each fiscal year, the taxing authority of each subdivision or taxing unit shall pass an appropriation measure.

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated.

For 2019, there was no indication that Board of Trustees adopted an appropriation measure. Due to Board of Trustees not passing an appropriation measure as indicated above, expenditures in all funds exceeded appropriations in 2019. We also noted Township's General Fund had expenditures in excess of appropriations of \$25,013 as of December 31, 2021.

The Township's failure to limit expenditures to the amounts appropriated could result in deficit spending.

The Board of Trustees should adopt an annual appropriation measure. Once the appropriations are officially adopted the Township Fiscal Officer should post the amounts to the computer system and then compare expenditures to appropriations on a monthly basis.

Officials' Response: The Trustees have instructed the Fiscal Officer to put together a checklist showing the various reports and filing that are required each month. The checklist will be reviewed and documented in the monthly meeting minutes.

FINDING NUMBER 2021-010

Noncompliance

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2020 the Township's appropriations exceeded the amount certified as available by the budget commission in the Coronavirus Relief Fund by \$120,143.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Township's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Township should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Township should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Board to reduce the appropriations.

Officials' Response: The Trustees have instructed the Fiscal Officer to put together a checklist showing the various reports and filing that are required each month. The checklist will be reviewed and documented in the monthly meeting minutes.

**FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021, 2020 AND 2019
(Continued)**

FINDING NUMBER 2021-011

Noncompliance

26 U.S.C. § 3403 states, in part, the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter. While the payroll records indicated Medicare and Federal income taxes were withheld from the employees' and officials' gross pay, the amounts withheld, along with any employer matches were not remitted timely. When paying monthly, Medicare and Federal income taxes are required to be paid by the 15th of the month following the end of the reporting period.

We noted the following:

- All four quarters of 2019 Federal and Medicare withholdings were not remitted until November 11, 2021;
- All four quarters of 2020 Federal and Medicare withholdings were not remitted until April 26, 2021; and
- 1st and 2nd quarters of 2021 Federal and Medicare withholdings were not remitted until October 26, 2021.

The Township should ensure the transmittal of Federal income taxes and Medicare tax (employee and employer share) is made timely to avoid possible late penalties and interest.

Officials' Response: The Trustees are having the Fiscal Officer research available reports in UAN that reflect the amount of payroll taxes collected and payable, which will enable the Trustees to track and verify that withholding are remitted on a timely bases.

FINDING NUMBER 2021-012

Internal Control Deficiency – Budgetary Amounts not recorded in the Accounting System

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

In 2019, the Township did not pass an appropriation resolution; therefore, all funds' appropriations were posted incorrectly to the system. The appropriations should have been \$0 for all funds.

To effectively control the budgetary cycle and to maintain accountability over expenditures, the Township should post to the ledgers, on a timely basis, appropriations approved by the Board. The Township should then monitor budget versus actual reports to help ensure appropriations have been properly posted to the ledgers.

Officials' Response: Trustees will be subscribing to OTARMA's education program. Trustees will identify and watch a program that more fully covers how appropriations work and how they are to be used.

**FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021, 2020 AND 2019
(Continued)**

FINDING NUMBER 2021-013

Internal Control Deficiency – Minutes

The minutes of the meetings of the Township are the formal record of pertinent data and legislative actions taken by Board.

The minute record was not consistent through the year in the following regards:

- Missing minutes for the January 2021 meeting.
- Financial reports were not always approved.
- Minutes were not always signed by the Fiscal Officer and/or the Board President.
- Pay rates have remained consistent with prior year, however, no documentation exists to support approvals.
- Budgetary data was not approved in meeting minutes.

This resulted in a lack of supporting documentation for Board's actions which could lead to questions about what the Township's intent was on a particular matter.

The Fiscal Officer should take necessary care in the preparation of the minutes and the Board of Trustees should carefully review the minutes to help ensure they are complete and accurate.

Officials' Response: The Fiscal Officer has moved the township office from her home to the township building. With the computer system and all records now on site, Trustees will review the Fiscal Officers filing system and together will develop an efficient filing system that will be better ensure township documents are properly filed and able to be retrieved.

FINDING NUMBER 2021-014

Internal Control Deficiency – Supporting Documentation

Maintaining organized documentation and support for financial transactions is essential in assuring the Township's financial statements are not materially misstated. Additionally, Ohio Rev. Code § 149.351 requires all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Rev. Code §§149.38 through 149.42.

The Township did not maintain underlying documentation and support for a \$5,000 receipt in the General Fund and a \$10,000 receipt in the Fire Fund in 2020.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud and result in financial statement misstatements,

The Township should maintain all supporting documentation for receipts for all financial transactions and records be maintained in an orderly manner to support all transactions.

Officials' Response: The Fiscal Officer has moved the township office from her home to the township building. With the computer system and all records now on site, Trustees will review the Fiscal Officers filing system and together will develop an efficient filing system that will be better ensure township documents are properly filed and able to be retrieved.

**FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021, 2020 AND 2019
(Continued)**

FINDING NUMBER 2021-015

Internal Control Deficiency – Bank Reconciliations

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not properly prepared or reviewed each month during 2021, 2020 and 2019. The bank reconciliations contained significant other adjusting factors from January 1, 2019 through December 31, 2021. The Township hired Auditor of State Local Government Services (LGS) to reconcile their bank to the books. LGS was able to determine transactions that were deposited or expensed at the bank and not recorded on the Township ledgers. There was also a large amount of outstanding checks that needed to be cleared or voided.

Failure to reconcile monthly increases the possibility that the Township will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Officials' Response: This has been corrected as of 1/1/2022. Trustees and Fiscal officer will continue to monitor each month.

**FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021, 2020, AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	5705.41(D)(1) – Certification of Funds	Corrected	
2018-002	Bank Reconciliations	Not Corrected	These have been corrected since 1/1/2022.
2018-003	Material Weakness – Budgetary not integrated in the accounting system	Not Corrected	Working on fixing this issue.
2018-004	ORC §9.38 – Timely Deposits	Corrected	
2018-005	OAC §117-2-02(A) – Incomplete vouchers	Corrected	

OHIO AUDITOR OF STATE KEITH FABER



FRANKLIN TOWNSHIP

TUSCARAWAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/9/2023

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Phone: 614-466-4514 or 800-282-0370

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