



OHIO AUDITOR OF STATE
KEITH FABER

**ROYALTON TOWNSHIP
FULTON COUNTY
DECEMBER 31, 2024 AND 2023**

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INDEPENDENT AUDITOR'S REPORT

Royalton Township
Fulton County
106 Eagle Road
P.O. Box 302
Lyons, Ohio 43533-0302

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Royalton Township, Fulton 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, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, 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 *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 December 30, 2025, 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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 30, 2025

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Royalton Township
Fulton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2024

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$85,381	\$195,083	\$68,930	\$349,394
Charges for Services	457,367	11,440	468,807	
Intergovernmental	35,507	178,892	964	215,363
Earnings on Investments	37,016	13,758		50,774
Miscellaneous	1,408	2,203		3,611
<i>Total Cash Receipts</i>	<u>159,312</u>	<u>847,303</u>	<u>81,334</u>	<u>1,087,949</u>
Cash Disbursements				
Current:				
General Government	126,003	60,761	1,251	188,015
Public Safety	448,088			448,088
Public Works	381,129			381,129
Health	17,826			17,826
<i>Total Cash Disbursements</i>	<u>126,003</u>	<u>907,804</u>	<u>1,251</u>	<u>1,035,058</u>
<i>Net Change in Fund Cash Balances</i>	<u>33,309</u>	<u>(60,501)</u>	<u>80,083</u>	<u>52,891</u>
<i>Fund Cash Balances, January 1</i>	<u>68,615</u>	<u>1,425,263</u>	<u>259,225</u>	<u>1,753,103</u>
<i>Fund Cash Balances, December 31</i>	<u>\$101,924</u>	<u>\$1,364,762</u>	<u>\$339,308</u>	<u>\$1,805,994</u>

See accompanying notes to the basic financial statements

Royalton Township
Fulton County
Statement of Additions, Deductions
and Changes in Fund Balance (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2024

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose</u>
	<u>Trust</u>
Addition	
Earnings on Investments	<u>\$568</u>
<i>Net Change in Fund Cash Balance</i>	<i>568</i>
<i>Fund Cash Balance, January 1</i>	<u>11,891</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$12,459</u></u>

See accompanying notes to the basic financial statements

Royalton Township
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Royalton Township, Fulton County, Ohio (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. Fulton County funds all the costs of the emergency medical services under a contract with Royalton Township. Beginning in February 2022 Royalton Township hired Paramedics and EMTs to handle all medical emergencies.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for all governmental fund types and a statement of additions, deductions, and changes in fund balances (regulatory cash basis) fiduciary fund type which is 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:

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

Ambulance & Emergency Medical Services Fund This fund accounts for and reports the funds received from Fulton County under a five (5) year contract to provide ambulance and emergency medical services in the township and throughout the county when other departments need assistance.

Royalton Township
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Capital Projects 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 Projects Fund:

Fire Capital Equipment Fund This fund received tax revenues to assist the Township in maintaining the fire station building and purchasing firefighting equipment used to provide fire services to the township.

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 fund accounts for programs to maintain designated cemetery gravesites.

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 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(C) permit.

Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

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

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

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

A summary of 2024 budgetary activity appears in Note 3.

Deposits and Investments

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

Royalton Township
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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 balance is included in Note 9.

Royalton Township
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2024 follows:

2024 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$112,911	\$159,312	\$46,401
Special Revenue	839,817	847,303	7,486
Capital Projects	84,972	81,334	(3,638)
Fiduciary	320	568	248
Total	\$1,038,020	\$1,088,517	\$50,497

2024 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$181,525	\$126,003	\$55,522
Special Revenue	2,257,106	907,929	1,349,177
Capital Projects	344,197	1,251	342,946
Fiduciary	2,211	2,211	2,211
Total	\$2,785,039	\$1,035,183	\$1,749,856

Note 4 – Deposits

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2024
Demand deposits	\$1,487,324
Certificates of deposit	331,129
Total deposits	\$1,818,453

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, 2024 the Township is holding no unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, letters of credit drawn on the Federal Home Loan Bank of Cincinnati, and collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial statement.

Royalton Township
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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 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.

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

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
- Automobile Liability
- Automobile Physical Damage
- Public Officials Liability
- Property and Inland Marine
- Law enforcement liability
- Fidelity and Crime
- Employment Practices Liability
- Cyber Breach and Liability

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

	2024
Cash and investments	\$32,822,076
Actuarial liabilities	\$12,568,762

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township 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, 2024.

Royalton Township
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Social Security

Some Township employees 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, 2024.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – 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	Revenue	Projects	Total
Outstanding Encumbrances		\$125		\$125

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 funds would include the outstanding encumbrances. In the General fund, outstanding encumbrances are considered assigned.

Note 10 – Compliance

Contrary to Ohio law, the Township failed to record receipts in the proper funds as required by Ohio Rev. Code § 5705.10(D).

Royalton Township
Fulton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$70,882	\$178,695	\$69,703	\$319,280
Charges for Services		446,806	14,499	461,305
Intergovernmental	27,908	161,537	1,278	190,723
Earnings on Investments	7,691	3,165		10,856
Miscellaneous	2,930	7,733		10,663
<i>Total Cash Receipts</i>	<i>109,411</i>	<i>797,936</i>	<i>85,480</i>	<i>992,827</i>
Cash Disbursements				
Current:				
General Government	107,578	95,203	1,319	204,100
Public Safety		526,663		526,663
Public Works		41,287		41,287
Health		15,507		15,507
Debt Service:				
Principal Retirement		42,336		42,336
Interest and Fiscal Charges	569			569
<i>Total Cash Disbursements</i>	<i>107,578</i>	<i>721,565</i>	<i>1,319</i>	<i>830,462</i>
<i>Net Change in Fund Cash Balances</i>	<i>1,833</i>	<i>76,371</i>	<i>84,161</i>	<i>162,365</i>
<i>Fund Cash Balances, January 1</i>	<i>66,782</i>	<i>1,348,892</i>	<i>175,064</i>	<i>1,590,738</i>
<i>Fund Cash Balances, December 31</i>	<i>\$68,615</i>	<i>\$1,425,263</i>	<i>\$259,225</i>	<i>\$1,753,103</i>

See accompanying notes to the basic financial statements

Royalton Township
Fulton County
Statement of Additions, Deductions
and Changes in Fund Balance (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2023

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose</u>
	<u>Trust</u>
Addition	
Earnings on Investments	<u>\$308</u>
<i>Net Change in Fund Cash Balance</i>	<i>308</i>
<i>Fund Cash Balance, January 1</i>	<i>11,583</i>
<i>Fund Cash Balance, December 31</i>	<i><u>\$11,891</u></i>

See accompanying notes to the basic financial statements

Royalton Township
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

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Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

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

Ambulance & Emergency Medical Services Fund This fund accounts for and reports the funds received from Fulton County under a five (5) year contract to provide ambulance and emergency medical services in the township and throughout the county when other departments need assistance.

Capital Projects 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 Fund:

Royalton Township
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Fire Capital Equipment Fund This fund received tax revenues to assist the Township in maintaining the fire station building and purchasing firefighting equipment used to provide fire services to the township.

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 fund accounts for programs to maintain designated cemetery gravesites.

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 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(C) permit.

Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

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

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

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

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

Royalton Township
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

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 balance is included in Note 9.

Royalton Township
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$94,524	\$109,411	\$14,887
Special Revenue	807,451	797,936	(9,515)
Capital Projects	72,001	85,480	13,479
Fiduciary	7	308	301
Total	\$973,983	\$993,135	\$19,152

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$156,405	\$108,477	\$47,928
Special Revenue	2,156,222	730,214	1,426,008
Capital Projects	247,063	1,319	245,744
Fiduciary	1,589		1,589
Total	\$2,561,279	\$840,010	\$1,721,269

Note 4 – Deposits

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township's deposit and investment accounts are as follows:

	2023
Demand deposits	\$1,433,875
Certificates of deposit	331,119
Total deposits	\$1,764,994

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, 2023 the Township is not holding any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Depository Insurance Corporation and letters of credit drawn on the Federal Home Loan Bank of Cincinnati.

Royalton Township
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 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.

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

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:

	<u>2023</u>
Cash and investments	\$33,494,457
Actuarial liabilities	\$10,885,549

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township 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, 2023.

Royalton Township
Fulton County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Social Security

Some Township employees 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, 2023.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – 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	Capital Projects	Total
Outstanding Encumbrances	\$899	\$8,649		\$9,548

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 funds would include the outstanding encumbrances. In the General fund, outstanding encumbrances are considered assigned.



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

Royalton Township
Fulton County
106 Eagle Road
P.O. Box 302
Lyons, Ohio 43533-0302

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, 2024 and 2023 and the related notes to the financial statements of Royalton Township, Fulton County, Ohio (the Township) and have issued our report thereon dated December 30, 2025, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Royalton Township
Fulton County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-002.

Township's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 30, 2025

ROYALTON TOWNSHIP
FULTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2024 AND 2023

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

FINDING NUMBER 2024-001

Material Weakness

Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Errors were identified in the accompanying financial statements and notes to the financial statements, resulting in the following audit adjustments, as agreed to by management:

- Homestead and rollback receipts were improperly recorded as property and other local taxes and miscellaneous receipts in the amounts of \$632 and \$646, respectively, rather than as intergovernmental receipts in the Fire Capital Equipment fund in 2023.
- Homestead and rollback receipts in the amount of \$479 were improperly recorded as miscellaneous receipts rather than as intergovernmental receipts in the Fire Capital Equipment fund in 2024.
- Special Revenue fund type budgeted receipt amounts were increased in the amount of \$155,151 in 2023, in order to bring the amounts reported in the Budgetary Activity note to the financial statements in line with the authorized budget amounts.
- Capital Projects fund type budgeted receipt amounts were decreased in the amount of \$8,949 in 2023, in order to bring the amounts reported in the Budgetary Activity note to the financial statements in line with the authorized budget amounts.
- Fiduciary fund type budgeted receipt amounts were decreased in the amount of \$393 in 2023, in order to bring the amounts reported in the Budgetary Activity note to the financial statements in line with the authorized budget amounts.
- Special Revenue fund type appropriation authority amounts were increased in the amount of \$309,673 in 2023, in order to bring the amounts reported in the Budgetary Activity note to the financial statements in line with the authorized budget amounts.
- Capital Projects fund type appropriation authority amounts were decreased in the amount of \$83,720 in 2023, in order to bring the amounts reported in the Budgetary Activity note to the financial statements in line with the authorized budget amounts.
- Fiduciary fund type appropriation authority amounts were increased in the amount of \$789 in 2023, in order to bring the amounts reported in the Budgetary Activity note to the financial statements in line with the authorized budget amounts.
- The Fund Balances notes to the financial statements were not included in 2024 and 2023.
- The Cemetery Jones Bequest fund was reported as a permanent fund in 2024 and 2023. According to the provisions of Governmental Accounting Standards Statement No. 84 – Fiduciary Activities, this should be reported as a private purpose trust fund on a statement of additions, deductions, and changes in fund balances for fiduciary funds. The following amounts were adjusted from the Permanent Fund to a Private Purpose Trust Fund.

	<u>2024</u>	<u>2023</u>
Earnings on Investments	\$568	\$308
Beginning Fund Balance	11,891	11,583
Ending Fund Balance	<u>\$12,459</u>	<u>\$11,891</u>

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. The failure to prepare complete and accurate financial statements and notes to the financial statements could lead to users of the financial statements making misinformed decisions about the Township's financial position. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified misstatements ranging from \$213 to \$4,974 that we have brought to the Township's attention.

The Township should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Trustees, to help identify and correct errors and omissions.

Officials' Response:

The Fiscal Officer will try to record receipts properly in the right line items and budgetary information in the note disclosures.

FINDING NUMBER 2024-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) provides that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Due to a lack of controls over recording financial activity, in 2024, the Township did not properly allocate monthly intergovernmental receipts from Fulton County to proper funds. This resulted in overstatements in the General fund and Motor Vehicle License Tax fund in the amounts of \$13,756 and \$12,328, respectively, and understatement in the Gasoline Tax fund in the amount of \$26,084. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement, as agreed to by management.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Township should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

The Fiscal Officer will try to record receipts in the proper funds.

**ROYALTON TOWNSHIP
FULTON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2024 AND 2023**

Finding Number	Finding Summary	Status	Additional Information
2022-001	Finding was first reported in the audit of the 2022-2021 financial statements. Material weakness due to errors in financial reporting.	Not corrected. Repeated in this report as finding 2024-001.	Finding reoccurred as a result of inadequate policies and procedures in reviewing the financial statements and accompanying notes to the financial statements prior to filing the Township's annual reports. The Fiscal Officer will ensure these are accounted for correctly in the future.
2022-002	Finding was first reported in the audit of the 2022-2021 financial statements. Noncompliance with Ohio Rev. Code Chapter 133 and 505 due to improper debt issuance.	Fully corrected.	

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OHIO AUDITOR OF STATE KEITH FABER



ROYALTON TOWNSHIP

FULTON 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 1/13/2026

65 East State 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