



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FRANKLIN TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Franklin Township
Adams County
989 Poplar Grove Rd.
Peebles, Ohio 45660

To the Board of Trustees:

We have audited the accompanying financial statements of Franklin Township Adams County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2000 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 grants.

This report is intended solely for the information and use of the audit committee, management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 10, 2000

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**FRANKLIN TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$14,516	\$47,657	\$30,519	\$92,692
Intergovernmental	34,215	68,633	2,095	104,943
Earnings on Investments	2,757	528	0	3,285
Other Revenue	26,604	10,045	0	36,649
Total Cash Receipts	78,092	126,863	32,614	237,569
Cash Disbursements:				
Current:				
General Government	34,175	0	0	34,175
Public Safety	0	22,432	0	22,432
Public Works	1,500	68,419	0	69,919
Health	2,516	13,852	0	16,368
Miscellaneous - Supplies and Materials	0	0	0	0
Debt Service:	0	0	0	0
Redemption of Principal	0	0	37,269	37,269
Interest and Fiscal Charges	0	0	1,289	1,289
Capital Outlay	152	2,580	0	2,732
Total Cash Disbursements	38,343	107,283	38,558	184,184
Total Receipts Over/(Under) Disbursements	39,749	19,580	(5,944)	53,385
Other Financing Receipts/(Disbursements):				
Other Sources - Sale of Cemetery Lots	0	8,400	0	8,400
Total Other Financing Receipts/(Disbursements)	0	8,400	0	8,400
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	39,749	27,980	(5,944)	61,785
Fund Cash Balances, January 1	58,116	93,466	5,944	157,526
Fund Cash Balances, December 31	\$97,865	\$121,446	\$0	\$219,311

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

**FRANKLIN TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 FIDUCIARY FUND TYPE -
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$228
Total Operating Cash Receipts	228
Operating Cash Disbursements:	
Supplies and Materials	75
Capital Outlay	755
Total Operating Cash Disbursements	830
Operating Income/(Loss)	(602)
Fund Cash Balances, January 1	5,985
Fund Cash Balances, December 31	\$5,383

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

**FRANKLIN TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES -
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$11,817	\$30,836	\$62,069	\$104,722
Intergovernmental	28,404	75,142	5,893	109,439
Earnings on Investments	1,415	466	0	1,881
Other Revenue	27,008	9,758	0	36,766
Total Cash Receipts	68,644	116,202	67,962	252,808
Cash Disbursements:				
Current:				
General Government	25,352	12,486	0	37,838
Public Safety	0	17,950	0	17,950
Public Works	1,400	64,198	0	65,598
Health	2,369	13,467	0	15,836
Debt Service:				
Redemption of Principal	0	0	61,437	61,437
Interest and Fiscal Charges	0	0	4,563	4,563
Capital Outlay	0	2,136	0	2,136
Total Cash Disbursements	29,121	110,237	66,000	205,358
Total Receipts Over/(Under) Disbursements	39,523	5,965	1,962	47,450
Other Financing Receipts/(Disbursements):				
Other Sources - Sale of Cemetery Lots	0	13,900	0	13,900
Total Other Financing Receipts/(Disbursements)	0	13,900	0	13,900
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	39,523	19,865	1,962	61,350
Fund Cash Balances, January 1	18,593	73,601	3,983	96,177
Fund Cash Balances, December 31	\$58,116	\$93,466	\$5,945	\$157,527
Reserve for Encumbrances, December 31	\$0	\$175	\$0	\$175

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

**FRANKLIN TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 FIDUCIARY FUND TYPE -
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$382
Total Operating Cash Receipts	382
Operating Income/(Loss)	382
Fund Cash Balances, January 1	5,603
Fund Cash Balances, December 31	\$5,985

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

**FRANKLIN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Franklin Township, Adams County, Ohio (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Deposits

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

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

Cemetery Fund - This fund receives tax money and sales money for maintaining and repairing Township cemeteries.

FRANKLIN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire Levy Fund - This fund receives local taxes and revenues from contracts with other political subdivisions to provide fire protection and maintain fire apparatus and appliances.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund.

Note Retirement Fund - This fund accounts for the payments for the retirement of the outstanding indebtedness principal and interest.

4. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Funds:

Nonexpendable Trust - This fund earns interest from three separate certificates of deposit left to the township by bequests of individuals for the care of cemeteries.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually, except for nonexpendable trusts funds.

1. 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. 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 also approve estimated resources.

3. Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

FRANKLIN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$206,497	\$128,734
Certificates of deposit	<u>18,197</u>	<u>34,778</u>
Total deposits	<u><u>\$224,694</u></u>	<u><u>\$163,512</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$37,427	\$78,092	\$40,665
Special Revenue	106,363	135,263	28,900
Debt Service	<u>40,100</u>	<u>32,614</u>	<u>(7,486)</u>
Total	<u><u>\$183,890</u></u>	<u><u>\$245,969</u></u>	<u><u>\$62,079</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Variance</u>
General	\$58,200	\$38,343	\$19,857
Special Revenue	159,713	107,283	52,430
Debt Service	<u>39,469</u>	<u>38,558</u>	<u>911</u>
Total	<u><u>\$257,382</u></u>	<u><u>\$184,184</u></u>	<u><u>\$73,198</u></u>

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$65,337	\$68,644	\$3,307
Special Revenue	116,293	130,102	13,809
Debt Service	<u>66,250</u>	<u>67,962</u>	<u>1,712</u>
Total	<u><u>\$247,880</u></u>	<u><u>\$266,708</u></u>	<u><u>\$18,828</u></u>

FRANKLIN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$42,450	\$29,122	\$13,328
Special Revenue	149,296	110,412	38,884
Debt Service	67,233	66,000	1,233
Total	\$258,979	\$205,534	\$53,445

4. PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Lease outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Lawn Mower Lease	\$2,514	10%
Total	\$2,514	

The lease was entered into to finance the purchase of a lawn mower for Township purposes. The lease is collateralized by the equipment.

Amortization of the above lease, including interest of \$199, is scheduled as follows:

Year ending December 31:	Lease
2000	1,809
Subsequent	904
Total	\$2,713

FRANKLIN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. DEBT (Continued)

During 1999 and 1998 the Township also made debt service payments toward the retirement of debt for purchase of a fire truck. This debt was retired in 1999.

6. RETIREMENT SYSTEMS

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for comprehensive property and general liability risks.

The Township is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

The Township also provides health insurance to qualified full-time employees through a private carrier.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Franklin Township
Adams County
989 Poplar Grove Rd.
Peebles, Ohio 45660

To the Board of Trustees:

We have audited the accompanying financial statements of Franklin Township, Adams County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 10, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated May 10, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 10, 2000.

Franklin Township
Adams County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 10, 2000