



**FRANKLIN TOWNSHIP  
WARREN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



FRANKLIN TOWNSHIP  
WARREN COUNTY

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## INDEPENDENT ACCOUNTANTS' REPORT

Franklin Township  
Warren County  
P. O. Box 364  
Franklin, Ohio 45005

To the Board of Trustees:

We have audited the accompanying financial statements of Franklin Township, Warren County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. 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, 2000 and 1999, 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 March 15, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees 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

March 15, 2001

**FRANKLIN TOWNSHIP  
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$308,675	\$291,701	\$0	\$0	\$600,376
Intergovernmental	259,597	99,890	30,000		389,487
Special Assessments		17,687			17,687
Licenses, Permits, and Fees		59,916			59,916
Earnings on Investments	78,041	1,597		1,399	81,037
Other Revenue	70,081	68,815	15,700		154,596
	<u>716,394</u>	<u>539,606</u>	<u>45,700</u>	<u>1,399</u>	<u>1,303,099</u>
<b>Total Cash Receipts</b>					
	716,394	539,606	45,700	1,399	1,303,099
<b>Cash Disbursements:</b>					
Current:					
General Government	255,920				255,920
Public Safety	16,867	137,652			154,519
Public Works	200,726	264,240			464,966
Health	3,914	105,721			109,635
Human Services		31,969			31,969
Conservation - Recreation	35,208				35,208
Capital Outlay	81,540	40,423	54,282		176,245
	<u>594,175</u>	<u>580,005</u>	<u>54,282</u>	<u>0</u>	<u>1,228,462</u>
<b>Total Cash Disbursements</b>					
	594,175	580,005	54,282	0	1,228,462
<b>Total Receipts Over/(Under) Disbursements</b>	122,219	(40,399)	(8,582)	1,399	74,637
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In		30,600			30,600
Transfers-Out	(30,600)				(30,600)
	<u>(30,600)</u>	<u>30,600</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>					
	(30,600)	30,600	0	0	0
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	91,619	(9,799)	(8,582)	1,399	74,637
<b>Fund Cash Balances, January 1</b>	943,004	246,855	8,582	46,946	1,245,387
<b>Fund Cash Balances, December 31</b>	<u>\$1,034,623</u>	<u>\$237,056</u>	<u>\$0</u>	<u>\$48,345</u>	<u>\$1,320,024</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$49,662</u>	<u>\$30,655</u>	<u>\$0</u>	<u>\$0</u>	<u>\$80,317</u>

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

**FRANKLIN TOWNSHIP  
WARREN COUNTY**

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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$293,656	\$288,603	\$0	\$0	\$582,259
Intergovernmental	274,886	100,122	38,651		413,659
Special Assessments		16,096			16,096
Licenses, Permits, and Fees		62,197			62,197
Earnings on Investments	58,982	1,482		1,333	61,797
Other Revenue	64,996	62,044	25,700		152,740
	<u>692,520</u>	<u>530,544</u>	<u>64,351</u>	<u>1,333</u>	<u>1,288,748</u>
Total Cash Receipts					
<b>Cash Disbursements:</b>					
Current:					
General Government	231,680				231,680
Public Safety	8,872	154,083			162,955
Public Works	169,175	253,164			422,339
Health	29,337	88,996			118,333
Human Services		27,732			27,732
Conservation - Recreation	34,225				34,225
Capital Outlay	219,947	23,379	55,769		299,095
	<u>693,236</u>	<u>547,354</u>	<u>55,769</u>	<u>0</u>	<u>1,296,359</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	(716)	(16,810)	8,582	1,333	(7,611)
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In		30,000			30,000
Transfers-Out	(30,000)				(30,000)
	<u>(30,000)</u>	<u>30,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(30,716)	13,190	8,582	1,333	(7,611)
Fund Cash Balances, January 1	973,720	233,665	0	45,613	1,252,998
<b>Fund Cash Balances, December 31</b>	<b><u>\$943,004</u></b>	<b><u>\$246,855</u></b>	<b><u>\$8,582</u></b>	<b><u>\$46,946</u></b>	<b><u>\$1,245,387</u></b>
Reserve for Encumbrances, December 31	<u>\$23,673</u>	<u>\$38,495</u>	<u>\$8,582</u>	<u>\$0</u>	<u>\$70,750</u>

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



**FRANKLIN TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Franklin Township, Warren County, (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 operates under a three-member elected Board of Trustees. An elected Township Clerk is responsible for fiscal control of the resources of the Township. The Township provides general governmental services including road maintenance and fire protection.

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

The Franklin Township is involved in a joint venture pertaining to a joint recreation facility owned by the City of Franklin and Franklin Township. The facility is managed by a board of ten trustees, five appointed by each of the participating local governments.

The Township is also involved in a joint venture pertaining to a Hazardous Materials Response Team whose purpose is to provide hazardous material response protection and assistance. The team is managed by a board of four trustees, one each from the cities of Franklin and Lebanon, and the Townships of Clearcreek and Franklin.

The Joint Emergency Medical Service (JEMS), is a jointly governed organization, which provides ambulance services to the City of Franklin, City of Carlisle and Franklin Township. Each of the three political subdivisions appoint one member of the three member board of trustees. This Board owns and operates assets in its own name. The Board has authority to levy taxes and approve its own budget. Funding for operations comes from the participants in the District, charges for services and a tax levy.

**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 Investments**

Certificates of deposit are valued at cost. The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**FRANKLIN TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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:

Motor Vehicle License Tax Fund - Receives motor vehicle tax money for constructing, maintaining and repairing township roads.

Gasoline Tax Fund - Receives gasoline money for constructing, maintaining and repairing township roads.

Road and Bridge Fund - Receives property tax money for constructing, maintaining and repairing township roads.

Cemetery Fund - Receives proceeds from the sale of cemetery lots for maintaining township cemeteries.

Lighting Assessment Fund - Receives proceeds from special assessments on specific properties for street lighting.

Fire District Fund - Receives proceeds from the property tax fire levy for fire protection.

Permissive Motor Vehicle License Tax Fund - Receives proceeds from the local tax levied on all township residents' motor vehicle licenses for road construction, maintenance and repairs.

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

CDBG Grant Fund - Used to record the related receipts and expenditures of benefits received from the Warren County's CDBG grant for road projects.

Loeb Grant Fund - Used to record the related receipts and expenditures of benefits received from the local grant for road projects.

**FRANKLIN TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**4. Fiduciary Funds (Nonexpendable Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary funds:

Cemetery Bequest Funds - Used to account for the funds bequeathed to the Township for cemetery care.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 2000 and 1999 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.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**FRANKLIN TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 417,734	\$ 394,487
Savings accounts	38,217	37,277
Certificates of deposit	446,956	421,507
Total deposits	902,907	853,271
U.S. Savings Bonds	2,000	2,000
STAROhio	415,117	390,116
Total investments	417,117	392,116
Total deposits and investments	\$1,320,024	\$1,245,387

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

**Investments:** Investments in STAROhio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 716,355	\$ 716,394	\$ 39
Special Revenue	568,088	570,206	2,118
Capital Projects	45,700	45,700	0
Fiduciary	1,399	1,399	0
Total	\$1,331,542	\$1,333,699	\$2,157

**FRANKLIN TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,626,856	\$ 674,437	\$ 952,419
Special Revenue	780,149	610,660	169,489
Capital Projects	54,282	54,282	0
Fiduciary	1,400	0	1,400
Total	\$2,462,687	\$1,339,379	\$1,123,308

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 692,501	\$ 692,520	\$ 19
Special Revenue	552,694	560,544	7,850
Capital Projects	64,351	64,351	0
Fiduciary	1,333	1,333	0
Total	\$1,310,879	\$1,318,748	\$7,869

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,645,488	\$ 746,909	\$ 898,579
Special Revenue	741,891	585,849	156,042
Capital Projects	64,351	64,351	0
Fiduciary	1,400	0	1,400
Total	\$2,453,130	\$1,397,109	\$1,056,021

**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.

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

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.

**FRANKLIN TOWNSHIP  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. PROPERTY TAX (Continued)**

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

**5. 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. Up through June 30, 2000, the Township contributed an amount equal to 13.55% of participants' gross salaries. Subsequent to June 30, 2000, the Township contributed an amount equal to 8.13% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability



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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Franklin Township  
Warren County  
P. O. Box 364  
Franklin, Ohio 45005

To the Board of Trustees:

We have audited the accompanying financial statements of Franklin Township, Warren County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 15, 2001. 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 the 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 certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 15, 2001.

### 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 March 15, 2001.

Franklin Township  
Warren County  
Report on Compliance and on Internal Control Required by  
*Government Auditing Standards*  
Page 2

This report is intended for the information and use of 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

March 15, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**FRANKLIN TOWNSHIP**

**WARREN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 10, 2001**