



**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



FRANKLIN TOWNSHIP  
FRANKLIN COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Franklin Township  
Franklin County  
2193 Frank Road  
Columbus, Ohio 43223

To the Board of Trustees:

We have audited the accompanying financial statements of Franklin Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 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 December 31, 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 February 20, 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. This 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 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

February 20, 2001

**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$71,642	\$2,760,391	\$0	\$2,832,033
Intergovernmental	1,131,647	305,195		1,436,842
Licenses, Permits, and Fees	64,889			64,889
Fines, Forfeitures, and Penalties	42,803	2,404		45,207
Earnings on Investments	74,239	10,226		84,465
Other Revenue	46,212	19,687		65,899
<b>Total Cash Receipts</b>	<u>1,431,432</u>	<u>3,097,903</u>	<u>0</u>	<u>4,529,335</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	251,035	53,047		304,082
Public Safety	133,931	3,424,885		3,558,816
Public Works	139,675	264,849		404,524
Health	46,058			46,058
Debt Service:				
Redemption of Principal	3,554			3,554
Capital Outlay	209,653	8,574	94,001	312,228
<b>Total Cash Disbursements</b>	<u>783,906</u>	<u>3,751,355</u>	<u>94,001</u>	<u>4,629,262</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>647,526</u>	<u>(653,452)</u>	<u>(94,001)</u>	<u>(99,927)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Debt:				
Other Proceeds from Debt			94,001	94,001
Transfers-In		610,000		610,000
Transfers-Out	(610,000)			(610,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(610,000)</u>	<u>610,000</u>	<u>94,001</u>	<u>94,001</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>37,526</u>	<u>(43,452)</u>	<u>0</u>	<u>(5,926)</u>
<b>Fund Cash Balances, January 1, 2000</b>	<u>914,093</u>	<u>526,966</u>	<u>1,956</u>	<u>1,443,015</u>
<b>Fund Cash Balances, December 31, 2000</b>	<u><b>\$951,619</b></u>	<u><b>\$483,514</b></u>	<u><b>\$1,956</b></u>	<u><b>\$1,437,089</b></u>
<b>Reserve for Encumbrances, December 31, 2000</b>	<u><b>\$71,151</b></u>	<u><b>\$15,401</b></u>	<u><b>\$23,511</b></u>	<u><b>\$110,063</b></u>

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

**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

**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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$69,612	\$2,758,765	\$0	\$2,828,377
Intergovernmental	890,703	404,491	28,314	1,323,508
Fines, Forfeitures, and Penalties	50,790	1,735		52,525
Earnings on Investments	63,436	10,717	17	74,170
Other Revenue	95,238	8,323		103,561
	<u>1,169,779</u>	<u>3,184,031</u>	<u>28,331</u>	<u>4,382,141</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	265,719	60,191		325,910
Public Safety	115,452	3,260,941		3,376,393
Public Works	847	402,073		402,920
Health	45,229			45,229
Capital Outlay	326,222	11,888	108,684	446,794
	<u>753,469</u>	<u>3,735,093</u>	<u>108,684</u>	<u>4,597,246</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>416,310</u>	<u>(551,062)</u>	<u>(80,353)</u>	<u>(215,105)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Debt:				
Other Proceeds from Debt			48,175	48,175
Transfers-In		350,000		350,000
Transfers-Out	(350,000)			(350,000)
Other Sources	2,792			2,792
	<u>(347,208)</u>	<u>350,000</u>	<u>48,175</u>	<u>50,967</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	69,102	(201,062)	(32,178)	(164,138)
Fund Cash Balances, January 1, 1999	<u>844,437</u>	<u>728,028</u>	<u>34,134</u>	<u>1,606,599</u>
<b>Fund Cash Balances, December 31, 1999</b>	<u><b>\$913,539</b></u>	<u><b>\$526,966</b></u>	<u><b>\$1,956</b></u>	<u><b>\$1,442,461</b></u>
Reserve for Encumbrances, December 31, 1999	<u>\$182,558</u>	<u>\$69,047</u>	<u>\$23,511</u>	<u>\$275,116</u>

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

**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Franklin Township, Franklin 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 is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge 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 Investments**

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. The repurchase agreement is 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:

Police Levy Fund - This fund receives property tax money for providing security of persons and property for township residents.

Fire Levy Fund - This fund receives property tax money for providing security of persons and property for township residents.

**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

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

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

**D. Fund Accounting (Continued)**

**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:

Capital Project Fund - The Township received an OPWC loan for a storm sewer project.

**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 and 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  
FRANKLIN 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	\$1,284,811	\$1,281,401
Total deposits	<u>1,284,811</u>	<u>1,281,401</u>
Repurchase Agreement	152,280	161,614
Total investments	<u>152,280</u>	<u>161,614</u>
Total deposits and investments	<u><u>\$1,437,091</u></u>	<u><u>\$1,443,015</u></u>

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

**Investments:** State statutes permit the Township to invest in interim deposits in repurchase agreements, that is, an agreement in which the Township transfers cash to a financial institution; the financial institution transfers securities to the Township and promises to repay the cash plus interest in exchange for the same securities. The said securities are uninsured and unregistered and are held in book entry form by a third party, the Federal Reserve, in the name of the financial institution. The purchased securities are limited to only U.S. Treasury and Agency Notes.

**3. BUDGETARY ACTIVITY**

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

**2000 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,078,218	\$1,431,432	\$353,214
Special Revenue	3,599,356	3,707,903	108,547
Capital Projects	46,953	94,001	47,048
Total	<u><u>\$4,724,527</u></u>	<u><u>\$5,233,336</u></u>	<u><u>\$508,809</u></u>

**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

**2000 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,991,755	\$1,465,057	\$526,698
Special Revenue	4,013,276	3,766,756	246,520
Capital Projects	25,468	117,512	(92,044)
Total	<u>\$6,030,499</u>	<u>\$5,349,325</u>	<u>\$681,174</u>

**1999 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,033,645	\$1,173,125	\$139,480
Special Revenue	3,389,267	3,534,031	144,764
Capital Projects	136,750	76,506	(60,244)
Total	<u>\$4,559,662</u>	<u>\$4,783,662</u>	<u>\$224,000</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,878,079	\$1,286,027	\$592,052
Special Revenue	4,062,212	3,804,140	258,072
Capital Projects	34,134	132,195	(98,061)
Total	<u>\$5,974,425</u>	<u>\$5,222,362</u>	<u>\$752,063</u>

**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.

**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

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

**4. PROPERTY TAX (Continued)**

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**

Debt outstanding at December 31, 2000 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Ohio Public Works Commission Loan	\$138,622	0%
Total	\$138,622	

The Ohio Public Works Commission loan of \$142,176 was issued to finance the Geneva Avenue Storm Sewer Improvements. The loan will be repaid in semi-annual installments of \$3,554.40 with a 0% interest rate, over 20 years.

Amortization of the above debt is scheduled as follows:

<b>Year ending December 31:</b>	<b>Ohio Public Works Commission Loan</b>
2001	\$3,554
2002	7,109
2003	7,109
2004	7,109
2005	7,109
Subsequent	106,632
Total	\$138,622

**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

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

**6. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees, including law enforcement officers, belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement 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 PFDPF contributed 1.5% of their gross salaries to the PFDPF. The Township contributed an amount equal to 28% of their gross salaries. Law enforcement officers contributed 3.5% of their gross salaries to PERS. The Township contributed an amount equal to 21.5% of their gross salaries. Road department employees contributed 5.5% of their gross salaries to PERS. The Township contributed an amount equal to 19.5% of their gross salaries. All other PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 1999 and 10.84% for 2000. The Township has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Public official's liability
- Law enforcement liability

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**8. CONTINGENT LIABILITIES.**

The township is defendant in several lawsuits. Although, the outcome of all but one of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



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

Franklin Township  
Franklin County  
2193 Frank Road  
Columbus, Ohio 43223

To the Board of Trustees:

We have audited the accompanying financial statements of Franklin Township, Franklin County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated February 20, 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 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 February 20, 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.

Franklin Township  
Franklin 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

February 20, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**FRANKLIN TOWNSHIP**

**FRANKLIN 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  
MAY 1, 2001**