

FRANKLIN TOWNSHIP
RICHLAND COUNTY, OHIO

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 2000**

J. E. Slaybaugh & Associates, Inc.
Certified Public Accountant
12 East Main Street
Lexington, Ohio 44904



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Franklin Township Trustees
Franklin Township
Mansfield, Ohio

We have reviewed the Independent Auditor's Report of Franklin Township, Richland County, prepared by J. E. Slaybaugh & Associates, Inc., for the audit period January 1, 1999 to December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Franklin Township is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 5, 2001

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FRANKLIN TOWNSHIP
RICHLAND COUNTY

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 2000

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**FRANKLIN TOWNSHIP
RICHLAND COUNTY**

Rt. 1 3677 St. Rt. 13 N
Mansfield, Ohio 44903

**ELECTED OFFICIALS
AS OF DECEMBER 31, 2000**

NAME	TITLE	TERM OF OFFICE	SURETY	AMOUNT	PERIOD
Kenneth E Levering	Trustee Chairman 3513 Amoy Ganges Road Mansfield, Ohio 44903	1/1/98-12/31/01	(A)	\$ 5,000	(B)
Jeffrey L Kuhn	Trustee	1/1/00 - 12/31/03	(A)	\$ 5,000	(B)
John K McCarron	Trustee	1/1/98 - 12/31/01	(A)	\$ 5,000	(B)
Marilee A Yarger	Clerk	4/1/00 - 3/31/03	(A)	\$ 25,000	(B)

Statutory Legal Counsel

James Mayer, Jr.
Richland County Prosecuting Attorney
38 South Park Street
Mansfield, Ohio 44902

(A) Ohio Government Risk Management Plan
(B) Concurrent With Term

J. E. SLAYBAUGH & ASSOCIATES, INC.

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Lexington, Ohio 44904*

*Member AICPA
Member OSCPA*

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*John E. Slaybaugh III
Certified Public Accountant*

Franklin Township Trustees
Franklin Township, Richland County
Rt. 1 3677 St. Rt. 13 N
Mansfield, Ohio 44903

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Franklin Township, Richland County, Ohio, as of and for the years ended December 31, 1999 and 2000. 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 described 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 of Franklin Township, Richland County, Ohio, as of December 31, 1999 and 2000, 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 June 15, 2001 on our consideration of the Township's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants.

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

J.E. Slaybaugh & Associates, Inc.

J.E. Slaybaugh & Associates, Inc.
Lexington, Ohio
June 15, 2001

**FRANKLIN TOWNSHIP
RICHLAND COUNTY**

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

	General	Special Revenue	Debt Service	(Memorandum Only) Total
CASH RECEIPTS:				
Local Taxes	\$ 18,550	\$ 145,721	\$ 30,538	\$ 194,809
Charges for Services		33,574		33,574
Intergovernmental	38,312	70,542		108,854
Fines, licenses and permits	867			867
Interest	6,807	1,134		7,941
Miscellaneous	1,016	30,772		31,788
Total Cash Receipts	65,552	281,743	30,538	377,833
CASH DISBURSEMENTS:				
Current:				
Public Safety		58,578		58,578
Public Works		141,111		141,111
Health	630			630
General Government	50,436			50,436
Capital Outlay	15,724	66,823		82,547
Note Principle Payment	11,000		24,886	35,886
Interest			5,652	5,652
Total Program Disbursements	77,790	266,512	30,538	374,840
Total receipts over/(under) program disbursements	(12,238)	15,231	-	2,993
OTHER FINANCING RECEIPTS/(DISBURSEMENTS):				
Total other financing receipts/(disbursements)	-	-	-	-
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(12,238)	15,231	-	2,993
Fund Cash Balances - January 1, 2000	72,344	93,829	30,605	196,778
Fund Cash Balances - December 31, 2000	\$ 60,106	\$ 109,060	\$ 30,605	\$ 199,771

**FRANKLIN TOWNSHIP
RICHLAND 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>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total</u>
(Memorandum Only)				
CASH RECEIPTS:				
Local Taxes	\$ 13,955	\$ 131,738	\$ 30,538	\$ 176,231
Charges for Services		32,474		32,474
Intergovernmental	58,534	68,060		126,594
Fines, licenses and permits	630			630
Interest	4,667	638		5,305
Miscellaneous	30	9,553		9,583
	<u>77,816</u>	<u>242,463</u>	<u>30,538</u>	<u>350,817</u>
Total Cash Receipts				
CASH DISBURSEMENTS:				
Current:				
Public Safety		63,095		63,095
Public Works		90,836		90,836
Health	450			450
General Government	42,778			42,778
Capital Outlay	9,600	106,380		115,980
Note Principle Payment				-
Interest				-
Total Program Disbursements	<u>52,828</u>	<u>260,311</u>	<u>-</u>	<u>313,139</u>
Total receipts over/(under) program disbursements	24,988	(17,848)	30,538	37,678
OTHER FINANCING RECEIPTS/(DISBURSEMENTS):				
Total other financing receipts/(disbursements)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	24,988	(17,848)	30,538	37,678
Fund Cash Balances - January 1, 1999	<u>47,356</u>	<u>111,677</u>	<u>67</u>	<u>159,100</u>
Fund Cash Balances - December 31, 1999	<u>\$ 72,344</u>	<u>\$ 93,829</u>	<u>\$ 30,605</u>	<u>\$ 196,778</u>
Reserve for Encumbrances - December 31, 1999	<u>\$ 68</u>	<u>\$ 137</u>		<u>\$ 205</u>

**FRANKLIN TOWNSHIP
RICHLAND COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Description of the Entity

Franklin Township, Richland 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 provides general governmental services, including fire protection, emergency medical services, and road maintenance.

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 make adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township maintains a demand deposit sweep account.

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:

General Fund

The general fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

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:

Gasoline Tax Fund - This fund receives gasoline taxes for the purpose of constructing, maintaining, and repairing Township's roads

Fire Levy Fund - This fund receives property taxes for the purpose of providing emergency medical and fire protection services to the citizens of the Township

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, note indebtedness.

D. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Township 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.

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.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when 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.

E. 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.

F. 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 cash basis of accounting used by the Township.

2. Equity in Pooled Cash and Investments

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

	<u>2000</u>	<u>1999</u>
Demand Deposit- Checking	\$ 16,455	\$ 30,509
Sweep Investment	<u>183,316</u>	<u>166,269</u>
 Total deposits	 <u>\$ 199,771</u>	 <u>\$ 196,778</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 was as follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 54,478	\$ 65,552	\$ 11,074
Special Revenue	243,885	281,743	37,858
Debt Service	<u>61,143</u>	<u>30,538</u>	<u>(30,605)</u>
Total	<u>\$ 359,506</u>	<u>\$ 377,833</u>	<u>\$ 18,327</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 126,880	\$ 77,790	\$ 49,090
Special Revenue	337,850	266,512	71,338
Debt Service	<u>61,143</u>	<u>30,538</u>	<u>30,605</u>
Total	<u>\$ 525,873</u>	<u>\$ 374,840</u>	<u>\$ 151,033</u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 46,925	\$ 77,816	\$ 30,891
Special Revenue	208,346	242,463	34,117
Debt Service	<u>30,538</u>	<u>30,538</u>	<u>-</u>
Total	<u>\$ 285,809</u>	<u>\$ 350,817</u>	<u>\$ 65,008</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 94,281	\$ 52,896	\$ 41,385
Special Revenue	320,022	260,448	59,574
Debt Service	<u>30,602</u>	<u>-</u>	<u>30,602</u>
Total	<u>\$ 444,905</u>	<u>\$ 313,344</u>	<u>\$ 131,561</u>

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township 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 is due the following June 20.

Public utilities are also taxed on personal 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.

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 is as follows:

	Principal	Interest
International Dump Truck Note	\$ 9,000	5.05%
Pumper - Fire Truck Note	<u>82,776</u>	5.2493%
	<u>\$ 91,776</u>	

The notes are direct obligations of the Township for which its full faith credit and resources are pledged.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	Dump Truck <u>Note</u>	Fire Truck <u>Note</u>
2001	\$ 9,000	\$ 26,193
2002	-	27,568
2003	-	<u>29,015</u>
Total	<u>\$ 9,000</u>	<u>\$ 82,776</u>

6. Retirement System

The Township's 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 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 1999 and 2000 members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55 % of participant's gross salaries. The Township has paid all contributions required through December 31, 2000.

7. Risk Management

The Township is a member of the Ohio Government Risk Management Plan. The Plan is an unincorporated non-profit association of its members for the purpose of providing its members a jointly administered self-insurance program. The Plan assumes the risk of loss minus the Township's deductible contribution. The following risks are covered by the Plan:

- Comprehensive property and general liability
- Vehicles
- Public official's liability

The Township also provides health insurance to its full-time employee through a private carrier.

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J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
Lexington, Ohio 44904*

*Member AICPA
Member OSCP*

*John E. Slaybaugh III
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Franklin Township Trustees
Franklin Township, Richland County
Rt. 1 3677 St. Rt. 13 N
Mansfield, Ohio 44903

We have audited the financial statements of Franklin Township, Richland County, as of and for the years ended December 31, 1999 and 2000, and have issued our report thereon dated June 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 Franklin Township's financial statements are free of material misstatement, we performed tests of its compliance with certain laws and regulations, 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*.

Internal Control

In planning and performing our audit, we considered Franklin 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 structure. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure and its operation that we consider to be material weaknesses.

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

J. E. Slaybaugh & Associates, Inc.

J.E. Slaybaugh & Associates, Inc.
Lexington, Ohio
June 15, 2001

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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FRANKLIN TOWNSHIP

RICHLAND 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
JULY 24, 2001**