



**FRANKLIN TOWNSHIP
ROSS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

FRANKLIN TOWNSHIP
ROSS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Franklin Township
Ross County
2572 Moss Hollow Road
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the accompanying financial statements of Franklin Township, Ross 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 Franklin Township, Ross County, Ohio 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 March 21, 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 the audit committee, management and 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 21, 2001

**FRANKLIN TOWNSHIP
ROSS 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$12,967	\$53,815	\$6,810	\$73,592
Intergovernmental Receipts	70,245	70,574	0	140,819
Earnings on Investments	8,501	3,331	0	11,832
Miscellaneous	0	4,014	0	4,014
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	91,713	131,734	6,810	230,257
Cash Disbursements:				
Current:				
Security of Persons and Property	0	33,000	0	33,000
Public Health Services	7,630	0	0	7,630
Public Works	10,009	73,758	0	83,767
General Government	60,421	0	0	60,421
Debt Service:				
Principal Payments	0	7,550	5,600	13,150
Interest Payments	0	2,008	1,125	3,133
Capital Outlay	0	15,890	0	15,890
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	78,060	132,206	6,725	216,991
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	13,653	(472)	85	13,266
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	13,653	(472)	85	13,266
Fund Cash Balances January 1, 2000	<hr/>	<hr/>	<hr/>	<hr/>
	78,082	196,456	0	274,538
Fund Cash Balances, December 31, 2000	<hr/>	<hr/>	<hr/>	<hr/>
	\$91,735	\$195,984	\$85	\$287,804
Reserves for Encumbrances, December 31, 2000	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$272</u>	<u>\$7,785</u>	<u>\$0</u>	<u>\$0</u>

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

**FRANKLIN TOWNSHIP
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$12,817	\$52,984	\$7,112	\$72,913
Intergovernmental Receipts	52,318	72,012	0	124,330
Earnings on Investments	7,248	2,947	0	10,195
Miscellaneous	45	8,060	0	8,105
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	72,428	136,003	7,112	215,543
Cash Disbursements:				
Current:				
Security of Persons and Property	0	35,659	0	35,659
Public Health Services	5,985	0	0	5,985
Public Works	0	61,024	0	61,024
General Government	63,253	0	0	63,253
Debt Service:				
Principal Payments		7,738	5,600	13,338
Interest Payments		375	1,512	1,887
Capital Outlay	65,947	11,847	0	77,794
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	135,185	116,643	7,112	258,940
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(62,757)	19,360	0	(43,397)
Other Financing Receipts/(Disbursements):				
Proceeds of Bonds or Notes	37,750	0	0	37,750
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	37,750	0	0	37,750
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(25,007)	19,360	0	(5,647)
Fund Cash Balances January 1, 1999	<hr/>	<hr/>	<hr/>	<hr/>
	103,089	177,096	0	280,185
Fund Cash Balances, December 31, 1999	<hr/>	<hr/>	<hr/>	<hr/>
	\$78,082	\$196,456	\$0	\$274,538
Reserves for Encumbrances, December 31, 1999	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$133</u>	<u>\$5,133</u>	<u>\$0</u>	<u>\$0</u>

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

**FRANKLIN TOWNSHIP
ROSS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Franklin Township, Ross 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 emergency ambulance and fire services, and maintains the Township's roads and cemeteries.

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. 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 to be accounted for in another fund.

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 tax money for construction, maintaining, and repairing township roads.

Fire Fund - This fund receives real estate tax, tangible property tax, and homestead and rollback tax money for the utilities, insurance, and supplies for the Township Fire Department and EMS.

Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

**FRANKLIN TOWNSHIP
ROSS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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. Appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated in the subsequent year.

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash 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 deposits	<u>\$287,804</u>	<u>\$274,538</u>
Total deposits	<u>\$287,804</u>	<u>\$274,538</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.

**FRANKLIN TOWNSHIP
ROSS COUNTY**

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 91,408	\$ 91,713	\$ 305
Special Revenue	133,820	131,734	(2,086)
Debt Service	6,810	6,810	0
Total	<u>\$ 232,038</u>	<u>\$ 230,257</u>	<u>\$ (1,781)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 168,986	\$ 78,332	\$ 90,654
Special Revenue	327,910	139,991	187,919
Debt Service	6,810	6,725	85
Total	<u>\$ 503,706</u>	<u>\$ 225,048</u>	<u>\$ 278,658</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 110,266	\$ 110,178	\$ (88)
Special Revenue	132,462	136,003	3,541
Debt Service	7,200	7,112	(88)
Total	<u>\$ 249,928</u>	<u>\$ 253,293</u>	<u>\$ 3,365</u>

**FRANKLIN TOWNSHIP
ROSS COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 211,482	\$ 135,318	\$ 76,164
Special Revenue	306,440	121,776	184,664
Debt Service	7,200	7,112	88
Total	<u>\$ 525,122</u>	<u>\$ 264,206</u>	<u>\$ 260,916</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 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

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Emergency Squad - National City Bank	\$ 16,800	5.40%
Tractor/Mower - National City Bank	<u>30,200</u>	5.32%
Total	<u>\$ 47,000</u>	

The Emergency Squad note relates to the purchase of a new Emergency Squad in 1998. The note will be repaid in annual installments of \$5,600.

The Tractor/Mower Note relates to the purchase of a new John Deere Tractor and a Bomford Mower in 1999. The note will be repaid in annual installments of \$7,550. The Emergency Squad Note is paid using real estate taxes placed in the Debt Service Fund. The Tractor /Mower Note is paid using Gasoline Tax money from the Special Revenue - Gasoline Fund.

**FRANKLIN TOWNSHIP
ROSS COUNTY**

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

5. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	<u>EMS Squad</u>	<u>Tractor/Mower</u>
2001	\$ 6,507	\$ 9,157
2002	6,205	8,755
2003	5,902	8,353
2004	<u>0</u>	<u>7,952</u>
Total	<u>\$ 18,614</u>	<u>\$ 34,217</u>

6. RETIREMENT SYSTEMS

The Township's full and part-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is 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, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% for 2000 and 13.55% for 1999 of participants' gross salaries. 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
- Public officials liability

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

Franklin Township
Ross County
2572 Moss Hollow Road
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the accompanying financial statements of Franklin Township, Ross 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 March 21, 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*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the 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
Ross County
Report on Compliance and 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

March 21, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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FRANKLIN TOWNSHIP

ROSS 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 26, 2001**