



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FRANKLIN TOWNSHIP
PORTAGE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Franklin Township
Portage County
218 Gougler Avenue
Kent, Ohio 44240

To the Board of Trustees:

We have audited the accompanying financial statements of Franklin Township (the Township) as of and for the years ended December 31, 2001 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 auditing standards generally accepted in the United States of America 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, 2001 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 March 27, 2002 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, 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

March 27, 2002

**FRANKLIN TOWNSHIP
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Taxes	\$151,364	\$919,117		\$1,070,481
Intergovernmental	201,893	112,860	\$47,167	361,920
Licenses, Permits, and Fees	52,576	6,001		58,577
Earnings on Investments	94,918	3,171		98,089
Other Revenue	11,935	6,048		17,983
	<u>512,686</u>	<u>1,047,197</u>	<u>47,167</u>	<u>1,607,050</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	179,615	2,011		181,626
Public Safety	6,725	526,038		532,763
Public Works	323,711	481,489	67,081	872,281
Health	46,860			46,860
Conservation -Recreation	96,022			96,022
	<u>652,933</u>	<u>1,009,538</u>	<u>67,081</u>	<u>1,729,552</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(140,247)</u>	<u>37,659</u>	<u>(19,914)</u>	<u>(122,502)</u>
Other Financing Receipts:				
Other Sources	<u>6,891</u>			<u>6,891</u>
Total Other Financing Receipts	<u>6,891</u>			<u>6,891</u>
Excess of Cash Receipts and Other Financing				
Receipts Over/(Under) Cash Disbursements	(133,356)	37,659	(19,914)	(115,611)
Fund Cash Balances, January 1	<u>1,118,495</u>	<u>909,714</u>	<u>21,300</u>	<u>2,049,509</u>
Fund Cash Balances, December 31	<u>\$985,139</u>	<u>\$947,373</u>	<u>\$1,386</u>	<u>\$1,933,898</u>
Reserve for Encumbrances, December 31	<u>\$129,000</u>	<u>\$132,043</u>		<u>\$261,043</u>

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

**FRANKLIN TOWNSHIP
PORTAGE 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**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$128,157	\$865,711		\$993,868
Intergovernmental	224,549	147,976	\$21,900	394,425
Licenses, Permits, and Fees	36,605	20,704		57,309
Earnings on Investments	94,752	378		95,130
Other Revenue	18,840	11,035		29,875
Total Cash Receipts	<u>502,903</u>	<u>1,045,804</u>	<u>21,900</u>	<u>1,570,607</u>
Cash Disbursements:				
Current:				
General Government	167,896	685		168,581
Public Safety		352,595		352,595
Public Works	141,966	465,352	600	607,918
Health	42,107			42,107
Conservation - Recreation	4,998			4,998
Total Cash Disbursements	<u>356,967</u>	<u>818,632</u>	<u>600</u>	<u>1,176,199</u>
Total Receipts Over Disbursements	<u>145,936</u>	<u>227,172</u>	<u>21,300</u>	<u>394,408</u>
Other Financing Receipts:				
Other Sources	733			733
Total Other Financing Receipts	<u>733</u>			<u>733</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	<u>146,669</u>	<u>227,172</u>	<u>21,300</u>	<u>395,141</u>
Fund Cash Balances, January 1	<u>971,826</u>	<u>682,542</u>		<u>1,654,368</u>
Fund Cash Balances, December 31	<u><u>\$1,118,495</u></u>	<u><u>\$909,714</u></u>	<u><u>\$21,300</u></u>	<u><u>\$2,049,509</u></u>
Reserve for Encumbrances, December 31	<u><u>\$51,918</u></u>	<u><u>\$88,252</u></u>	<u><u>\$96,400</u></u>	<u><u>\$236,570</u></u>

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

**FRANKLIN TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Franklin Township, Portage 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 government services. The Township contracts with the City of Kent to provide fire services and Emergency Medical Services to the residents of Franklin Township.

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 included in fund cash balances. 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.

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:

Special Levy (Road) - This fund receives levy money for constructing, maintaining and repairing Township roads.

**FRANKLIN TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Special Levy (Fire) - This fund receives levy money for paying the City of Kent for fire protection services.

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 fund:

Issue II Fund -The Township received a grant from the State of Ohio to realign Cox/ Powdermill Crossing.

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 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 2001 and 2000 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**FRANKLIN TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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:

	2001	2000
Demand deposits	\$33,898	\$92,752
Certificates of deposit	1,900,000	1,956,757
Total deposits	\$1,933,898	\$2,049,509

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.

Certificates of deposits are held by the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$313,254	\$519,577	\$206,323
Special Revenue	1,024,947	1,047,197	22,250
Capital Projects	75,100	47,167	(27,933)
Total	\$1,413,301	\$1,613,941	\$200,640

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,015,800	\$781,933	\$233,867
Special Revenue	1,594,500	1,141,581	452,919
Capital Projects	64,974	67,081	(2,107)
Total	\$2,675,274	\$1,990,595	\$684,679

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$390,797	\$503,636	\$112,839
Special Revenue	1,028,396	1,045,804	17,408
Capital Projects	94,000	21,900	(72,100)
Total	\$1,513,193	\$1,571,340	\$58,147

**FRANKLIN TOWNSHIP
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$508,862	\$408,885	\$99,977
Special Revenue	1,167,300	906,884	260,416
Capital Projects	97,000	97,000	0
Total	\$1,773,162	\$1,412,769	\$360,393

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. RETIREMENT SYSTEMS

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 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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

Franklin Township
Portage County
281 Gougler Avenue
Kent, Ohio 44240

To the Board of Trustees:

We have audited the accompanying financial statements of Franklin Township (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 27, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit, 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
Portage County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

March 27, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

FRANKLIN TOWNSHIP

PORTAGE 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 9, 2002**