



**Auditor of State
Betty Montgomery**

**FRANKLIN TOWNSHIP
ROSS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, 2002, and December 31, 2001. 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 Franklin Township, Ross County, Ohio, as of December 31, 2002, and December 31, 2001, 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, 2003, 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.

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Franklin Township
Ross County
Independent Accountants' Report
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This report is intended solely for the information and use of the audit committee, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

March 21, 2003

**FRANKLIN TOWNSHIP
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$15,008	\$58,160	\$6,192	\$0	\$79,360
Intergovernmental	85,366	64,334	8,753	17,991	176,444
Earnings on Investments	9,561	3,744	0	0	13,305
Other Revenue	1,436	338	0	0	1,774
	<u>111,371</u>	<u>126,576</u>	<u>14,945</u>	<u>17,991</u>	<u>270,883</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	77,201	0	0	0	77,201
Public Safety	0	44,030	0	0	44,030
Public Works	0	54,295	0	0	54,295
Health	1,250	0	0	0	1,250
Debt Service:					
Redemption of Principal	0	0	13,150	0	13,150
Interest and Fiscal Charges	0	0	1,795	0	1,795
Capital Outlay	19,616	981	0	17,991	38,588
	<u>98,067</u>	<u>99,306</u>	<u>14,945</u>	<u>17,991</u>	<u>230,309</u>
Total Cash Disbursements					
Total Receipts Over Disbursements	<u>13,304</u>	<u>27,270</u>	<u>0</u>	<u>0</u>	<u>40,574</u>
Fund Cash Balances, January 1	108,702	211,318	15	0	320,035
Fund Cash Balances, December 31	<u>\$122,006</u>	<u>\$238,588</u>	<u>\$15</u>	<u>\$0</u>	<u>\$360,609</u>
Reserve for Encumbrances, December 31	<u>\$274</u>	<u>\$111</u>	<u>\$0</u>	<u>\$0</u>	<u>\$385</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
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$13,526	\$56,439	\$6,422	\$76,387
Intergovernmental	72,389	64,506	9,157	146,052
Earnings on Investments	9,103	2,932	0	12,035
Other Revenue	1,575	1,873	0	3,448
	<u>96,593</u>	<u>125,750</u>	<u>15,579</u>	<u>237,922</u>
Cash Disbursements:				
Current:				
General Government	69,373	0	0	69,373
Public Safety	0	44,499	0	44,499
Public Works	0	47,206	0	47,206
Health	1,218	0	0	1,218
Debt Service:				
Redemption of Principal	0	0	13,150	13,150
Interest and Fiscal Charges	0	0	2,499	2,499
Capital Outlay	9,035	18,711	0	27,746
	<u>79,626</u>	<u>110,416</u>	<u>15,649</u>	<u>205,691</u>
Total Receipts Over/(Under) Disbursements	16,967	15,334	(70)	32,231
Fund Cash Balances, January 1	91,735	195,984	85	287,804
Fund Cash Balances, December 31	<u>\$108,702</u>	<u>\$211,318</u>	<u>\$15</u>	<u>\$320,035</u>
Reserve for Encumbrances, December 31	<u>\$1,182</u>	<u>\$9,768</u>	<u>\$0</u>	<u>\$10,950</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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Franklin Township, Ross County, Ohio (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 road and bridge maintenance, cemetery 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. Fund Accounting

The Township uses fund accounting to segregate cash that is 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:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Fire and EMS Fund - This fund receives special levy money to provide for the fire and EMS services.

**FRANKLIN TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Debt Service Funds

The debt service funds are used to accumulate resources for the payment of note indebtedness. The Township had the following significant debt service funds:

Tractor Debt Fund – This fund receives gasoline tax money for debt incurred for the purchase of the John Deer tractor.

Emergency Squad Fund – This fund receives property tax money for debt incurred for the purchase of the Emergency Squad vehicle.

4. Capital Projects 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 projects fund:

Issue II Fund – The Township received a grant from the State of Ohio to complete road work.

D. 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 2002 and 2001 budgetary activity appears in Note 3.

**FRANKLIN TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

	2002	2001
Total Demand Deposits	\$360,609	\$320,035

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, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$94,049	\$111,371	\$17,322
Special Revenue	116,761	126,576	9,815
Debt Service	14,945	14,945	0
Capital Projects	17,991	17,991	0
Total	\$243,746	\$270,883	\$27,137

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$175,259	\$98,341	\$76,918
Special Revenue	316,963	99,417	217,546
Debt Service	14,960	14,945	15
Capital Projects	17,991	17,991	0
Total	\$525,173	\$230,694	\$294,479

**FRANKLIN TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$91,872	\$96,593	\$4,721
Special Revenue	119,154	125,750	6,596
Debt Service	15,579	15,579	0
Total	\$226,605	\$237,922	\$11,317

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$183,606	\$80,808	\$102,798
Special Revenue	315,138	120,184	194,954
Debt Service	15,663	15,649	14
Total	\$514,407	\$216,641	\$297,766

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, 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, 2002 was as follows:

	Principal	Interest Rate
Emergency Squad Vehicle	\$5,600	5.40%
Tractor	15,100	5.32%
Total	\$20,700	

The Emergency Squad Vehicle note relates to the purchase of a new Emergency Squad Vehicle in 1998. The Note will be paid off in annual installments of \$5,600 plus interest. The payment is made using assessed taxes reflected in the Debt Service fund and backed by the taxing authority.

**FRANKLIN TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. DEBT (Continued)

The Tractor was purchased in 1999 to mow Township land. The Note will be repaid in annual installments of \$7,550 plus interest. The payment is made using assessed taxes reflected in the Debt Service Fund and backed by the taxing authority.

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

	Squad	Tractor	Total
Year ending December 31:			
2003	\$5,902	\$8,353	\$14,255
2004		7,952	\$7,952
Total	\$5,902	\$16,305	\$22,207

6. RETIREMENT SYSTEMS

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 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Public Officials Liability

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON 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, 2002, and December 31, 2001, and have issued our report thereon dated March 21, 2003. 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.

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Franklin Township
Ross County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY
Auditor of State

March 21, 2003



**Auditor of State
Betty Montgomery**

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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
MAY 8, 2003**