

FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY, OHIO
REPORT ON AUDIT OF
FINANCIAL STATEMENTS
JANUARY 1, 2001-
DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

Board of Trustees
Franklin Township

We have reviewed the Independent Auditor's Report of Franklin Township, Tuscarawas County, prepared by Stephen A. Tope, CPA LLC for the audit period January 1, 2001 through December 31, 2002. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 2, 2003

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FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY, OHIO
REPORT ON AUDIT OF
FINANCIAL STATEMENTS
JANUARY 1, 2001-
DECEMBER 31, 2002

FISCAL YEARS AUDITED UNDER
GAGAS: 2001/2002

<u>CONTENTS</u>	<u>PAGE</u>
ELECTED OFFICIALS	(i)
INDEPENDENT AUDITOR S'REPORT	1
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, & CHANGES IN FUND CASH BALANCES -ALL GOVERNMENTAL FUND TYPES- FOR THE YEAR ENDED DECEMBER 31, 2002	2
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, & CHANGES IN FUND CASH BALANCES -ALL GOVERNMENTAL FUND TYPES- FOR THE YEAR ENDED DECEMBER 31, 2001	3
NOTES TO THE FINANCIAL STATEMENTS	4 - 7
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	8
STATUS OF PRIOR AUDIT S'CITATIONS & RECOMMENDATIONS	9

FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY, OHIO
145 7th Street NE
Strasburg, Ohio 44680

ELECTED OFFICIALS AS OF DECEMBER 31, 2002

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>
Michael Fondriest 6153 Race Road NW Strasburg, OH 44680	Trustee	01/01/02-12/31/06	(B)	\$ 5,000
Rick Lautenschleger 800 Weber Avenue Strasburg, OH 44680	Trustee	01/01/02-12/31/06	(A)	\$ 1,000
Douglas Hensel 4564 Garber Drive NW Strasburg, OH 44680	Trustee	01/01/00-01/01/04	(B)	\$ 1,000
Peter Angelo 6983 Winfield-Strasburg Rd. NW Strasburg, OH 44680	Clerk	04/01/00-04/01/04	(A)	\$ 3,000

STATUTORY LEGAL COUNSEL

Amanda Spies-Bornhorst
Tuscarawas County Prosecutor
Tuscarawas County Courthouse
New Philadelphia, OH 44663

(A) The Personal Service Insurance Company

(B) Western Surety Insurance Company

July 8, 2003

Board of Trustees
Franklin Township
Tuscarawas County, Ohio
Strasburg, Ohio 44680

INDEPENDENT AUDITOR S'REPORT

I have audited the financial statements of Franklin Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2002 & 2001. These financial statements are the responsibility of the Township s' Trustees. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits 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 I plan and perform the audits 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. I believe that my audits provide a reasonable basis for my 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 my opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Franklin Township, Tuscarawas County, Ohio, as of December 31, 2002 and 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, I have also issued a report dated July 8, 2003, on my consideration of the Township s' internal control structure and on its compliance with laws and regulations. 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 my audits.

This report is intended solely for the information and use of management, the Trustees 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.

STEPHEN A. TOPE, CPA LLC-Certified Public Accountant

FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY, OHIO

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>General</u>	<u>Special Revenue</u>	<u>Total</u>
<u>CASH RECEIPTS:</u>			
Local taxes	\$ 34,776	\$ 127,241	\$ 162,017
Intergovernmental	68,037	75,378	143,415
Issue II	0	37,537	37,537
Interest	839	0	839
All other	<u>6,842</u>	<u>462</u>	<u>7,304</u>
 Total cash receipts	 <u>110,494</u>	 <u>240,618</u>	 <u>351,112</u>
<u>CASH DISBURSEMENTS:</u>			
Security of persons and property	0	7,739	7,739
Public health services	1,289	20,000	21,289
Public works	0	158,824	158,824
General government	98,463	0	98,463
Capital outlays	<u>0</u>	<u>0</u>	<u>0</u>
 Total cash disbursements	 <u>99,752</u>	 <u>186,563</u>	 <u>286,315</u>
 Excess (deficit) of cash receipts over cash disbursements	 10,742	 54,055	 64,797
 Fund cash balances, January 1, 2002	 <u>74,513</u>	 <u>51,434</u>	 <u>125,947</u>
 Fund cash balances, December 31, 2002	 <u>\$ 85,255</u>	 <u>\$ 105,489</u>	 <u>\$ 190,744</u>

The accompanying notes are an integral part of these financial statements.

STEPHEN A. TOPE, CPA LLC-Certified Public Accountant

FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY, OHIO

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>General</u>	<u>Special Revenue</u>	<u>Total</u>
<u>CASH RECEIPTS:</u>			
Local taxes	\$ 33,115	\$ 118,499	\$ 151,614
Intergovernmental	86,542	75,476	162,018
Issue II	0	9,159	9,159
Interest	1,487	0	1,487
All other	<u>8,991</u>	<u>0</u>	<u>8,991</u>
 Total cash receipts	 <u>130,135</u>	 <u>203,134</u>	 <u>333,269</u>
<u>CASH DISBURSEMENTS:</u>			
Security of persons and property	0	6,674	6,674
Public health services	1,218	37,773	38,991
Public works	0	153,601	153,601
General government	148,914	0	148,914
Capital outlays	<u>0</u>	<u>0</u>	<u>0</u>
 Total cash disbursements	 <u>150,132</u>	 <u>198,048</u>	 <u>348,180</u>
 Excess (deficit) of cash receipts over cash disbursements	 (19,997)	 5,086	 (14,911)
 Fund cash balances, January 1, 2001	 <u>94,510</u>	 <u>46,348</u>	 <u>140,858</u>
 Fund cash balances, December 31, 2001	 <u>\$ 74,513</u>	 <u>\$ 51,434</u>	 <u>\$ 125,947</u>

The accompanying notes are an integral part of these financial statements.

STEPHEN A. TOPE, CPA LLC-Certified Public Accountant

FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity

Franklin Township (the Township) is a body politic and corporate 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 ditch maintenance, cemeteries, and fire protection. The Township contracts with the Tuscarawas County Sheriff's Department to provide security of persons and property.

The Township's Trustees believe these financial statements present all activities for which the Township is financially accountable.

Basis of Accounting

These financial statements were prepared on the cash basis of accounting which is prescribed or permitted by the Auditor of State and which is a comprehensive basis of accounting other than generally accepted accounting principles. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

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:

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 and the Road District Fund - These funds receive tax revenues from the County Auditor for constructing, maintaining and repairing Township roads.

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 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.

FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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.

Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

NOTE 2: EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2002</u>	<u>2001</u>
Demand deposits	<u>\$ 190,744</u>	<u>\$ 125,947</u>

Deposits

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 3: BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and 2001 was as follows:

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 94,721	\$ 110,494	\$ 15,773
Special Revenue	<u>192,355</u>	<u>240,618</u>	<u>48,263</u>
Total	<u>\$ 287,076</u>	<u>\$ 351,112</u>	<u>\$ 64,036</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 173,816	\$ 99,752	\$ 74,064
Special Revenue	<u>245,335</u>	<u>186,563</u>	<u>58,772</u>
Total	<u>\$ 419,151</u>	<u>\$ 286,315</u>	<u>\$ 132,836</u>

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 98,184	\$ 130,135	\$ 31,951
Special Revenue	<u>180,909</u>	<u>203,134</u>	<u>22,225</u>
Total	<u>\$ 279,093</u>	<u>\$ 333,269</u>	<u>\$ 54,176</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 188,380	\$ 150,132	\$ 38,248
Special Revenue	<u>232,147</u>	<u>198,048</u>	<u>34,099</u>
Total	<u>\$ 420,527</u>	<u>\$ 348,180</u>	<u>\$ 72,347</u>

FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

NOTE 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.

NOTE 5: RETIREMENT SYSTEMS

The Township's 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 post retirement health care 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. The Township has paid all contributions required through December 31, 2002.

NOTE 6: RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

NOTE 7: ISSUE II REVENUE

The Township received funding through State Issue II for road maintenance. These funds are reflected as Issue II revenue and public works expense and totaled \$37,537 and \$9,159 for the years ended December 31, 2002 and 2001, respectively.

July 8, 2003

Board of Trustees
Franklin Township
Tuscarawas County, Ohio
Strasburg, Ohio 44680

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

I have audited the financial statements of Franklin Township, Tuscarawas County, Ohio (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued my report thereon dated July 8, 2003. I conducted my audits 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, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my audit, I considered Franklin Township s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

My 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 risk that misstatements in amounts that would be material in relation to 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the Township Trustees and management, and is not intended and should not be used by anyone other than these specified parties.

STEPHEN A. TOPE, CPA LLC-Certified Public Accountant

FRANKLIN TOWNSHIP
TUSCARAWAS COUNTY, OHIO

STATUS OF PRIOR AUDIT S' CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 2000 and 1999 did not include material citations or recommendations.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

FRANKLIN TOWNSHIP

TUSCARAWAS 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
SEPTEMBER 25, 2003**