



**FRANKLIN TOWNSHIP
LICKING COUNTY**

REGULAR AUDIT

JANUARY 1, 1999 - DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FRANKLIN TOWNSHIP
LICKING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Franklin Township
Licking County
11730 Flint Ridge Road S.E.
Newark, Ohio 43056-8011

We have audited the accompanying financial statements of Franklin Township, Licking 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, Licking 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 April 23, 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 management, Board of 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.

JIM PETRO
Auditor of State

April 23, 2001

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**FRANKLIN TOWNSHIP
LICKING 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	\$60,435	\$82,747	\$6,043	\$149,225
Licenses, Permits, and Fees	3,127	3,850	0	6,977
Intergovernmental Receipts	45,801	69,520	744	116,065
Interest	3,700	338	0	4,038
All Other Receipts	689	5,637	9	6,335
Total Cash Receipts:	113,752	162,092	6,796	282,640
Cash Disbursements:				
General Government	68,733	0	0	68,733
Public Safety	0	35,924	0	35,924
Public Works	18,960	118,676	0	137,636
Health	4,771	12,605	0	17,376
Capital Outlay	359	28,630	0	28,989
Debt Service:				
Redemption of Principal	0	0	5,996	5,996
Interest	0	0	526	526
Total Cash Disbursements	92,823	195,835	6,522	295,180
Total Cash Receipts over/(under) Cash Disbursements	20,929	(33,743)	274	(12,540)
Other Financing Sources/(Uses):				
Proceeds of Notes	0	28,400	0	28,400
Other Financing Sources	175	0	0	175
Total Other Financing Sources/(Uses)	175	28,400	0	28,575
Excess of Cash Receipts and Other Financing Sources over/(under) Cash Disbursements and Other Financing Uses	21,104	(5,343)	274	16,035
Fund Cash Balances, January 1, 2000	42,358	41,192	66	83,616
Fund Cash Balances, December 31, 2000	\$63,462	\$35,849	\$340	\$99,651

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

FRANKLIN TOWNSHIP
LICKING COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$445</u>
Operating Cash Disbursements:	
Health	<u>100</u>
Operating Income/(Loss)	345
Fund Cash Balance, January 1, 2000	<u>10,028</u>
Fund Cash Balance, December 31, 2000	<u><u>\$10,373</u></u>

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

**FRANKLIN TOWNSHIP
LICKING 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**

	General	Special Revenue	Debt Service	(Memorandum Only) Total
Cash Receipts:				
Local Taxes	\$53,804	\$79,430	\$5,605	\$138,839
Licenses, Permits, and Fees	2,895	3,845	0	6,740
Intergovernmental Receipts	44,682	71,502	671	116,855
Interest	3,410	190	0	3,600
All Other Receipts	329	8,063	11	8,403
Total Cash Receipts:	105,120	163,030	6,287	274,437
Cash Disbursements:				
General Government	64,627	0	0	64,627
Public Safety	0	24,444	0	24,444
Public Works	33,850	129,593	0	163,443
Health	4,400	11,479	0	15,879
Debt Service:				
Redemption of Principal	0	0	5,685	5,685
Interest	0	0	815	815
Total Cash Disbursements	102,877	165,516	6,500	274,893
Total Cash Receipts over/(under) Cash Disbursements	2,243	(2,486)	(213)	(456)
Other Financing Sources/(Uses):				
Operating Transfers - In	0	0	272	272
Operating Transfers - Out	(272)	0	0	(272)
Other Financing Sources	63	0	0	63
Total Other Financing Sources/(Uses)	(209)	0	272	63
Excess of Cash Receipts and Other Financing Sources over/(under) Cash Disbursements and Other Financing Uses	2,034	(2,486)	59	(393)
Fund Cash Balances, January 1, 1999 (restated)	40,324	43,678	7	84,009
Fund Cash Balances, December 31, 1999	\$42,358	\$41,192	\$66	\$83,616
Reserve for Encumbrances, December 31, 1999	\$35	\$2,713	\$0	\$2,748

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

FRANKLIN TOWNSHIP
LICKING COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$248</u>
Operating Income/(Loss)	248
Fund Cash Balance, January 1, 1999 (restated)	<u>9,780</u>
Fund Cash Balance, December 31, 1999	<u><u>\$10,028</u></u>

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

**FRANKLIN TOWNSHIP
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Franklin Township, Licking 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. The Township provides general governmental services. The Township contracts with Madison Township, Licking Township and National Trails Volunteer Fire Department to provide fire services and ambulance 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 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 tax money for constructing, maintaining, and repairing Township roads.

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

Special Levy Fire Fund - This fund receives tax money for maintaining fire and emergency services for Township.

**FRANKLIN TOWNSHIP
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

Debt Service Fund

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

Fiduciary Fund (Trust Fund)

The Trust fund is used to account for resources restricted by a legally binding trust agreement. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund.

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 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.

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 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.

F. Unpaid Vacation and Sick Leave

Full-time 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.

**FRANKLIN TOWNSHIP
LICKING COUNTY**

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

2. PRIOR PERIOD ADJUSTMENT

In prior years, interest earned on the cemetery bequest investment was receipted into the General Fund and Non-Expendable Trust Fund incorrectly. The entire amount should have been posted to the non-expendable trust fund. An adjustment has been made to correct this error. The adjustment had the following effect on fund balance as previously reported for the year ended December 31, 1998:

	General Fund	Non-Expendable Trust Fund
Fund Balance December 31, 1998, as reported	\$42,132	\$7,972
Correction of Interest Receipts Allocation	(1,808)	1,808
Fund Balance January 1, 1999, as restated	\$40,324	\$9,780

3. EQUITY IN POOLED CASH

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The cash balances at December 31 were as follows:

	2000	1999
Demand deposits	\$105,979	\$89,722
Certificate of Deposit	4,045	3,922
Total deposits	\$110,024	\$93,644

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

4. BUDGETARY ACTIVITY

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

2000 Budgeted VS. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$104,289	\$113,927	\$9,638
Special Revenue	165,296	190,492	25,196
Debt Service	6,740	6,796	56
Fiduciary	297	445	148
Total	\$276,622	\$311,660	\$35,038

**FRANKLIN TOWNSHIP
LICKING COUNTY**

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

4. BUDGETARY ACTIVITY (Continued)

2000 Budgeted VS. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$146,612	\$92,788	\$53,824
Special Revenue	203,776	193,122	10,654
Debt Service	6,806	6,522	284
Fiduciary	6,422	100	6,322
Total	<u>\$363,616</u>	<u>\$292,532</u>	<u>\$71,084</u>

1999 Budgeted VS. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$99,318	\$105,183	\$5,865
Special Revenue	163,175	163,030	(145)
Debt Service	6,470	6,559	89
Fiduciary	288	248	(40)
Total	<u>\$269,251</u>	<u>\$275,020</u>	<u>\$5,769</u>

1999 Budgeted VS. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$141,524	\$103,184	\$38,340
Special Revenue	206,813	168,229	38,584
Debt Service	6,517	6,500	17
Fiduciary	4,283	0	4,283
Total	<u>\$359,137</u>	<u>\$277,913</u>	<u>\$81,224</u>

**FRANKLIN TOWNSHIP
LICKING COUNTY**

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

5. 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 payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real 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.

6. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Roof Improvement Notes	28,400	7.64%

The Roof Improvement notes were issued on September 25, 2000, to finance the repair of the Township fire station roof.

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

Year ending December 31:	Roof Improvement Note
2001	\$7,850
2002	7,416
2003	6,982
2004	6,548
2005	6,114
Total	\$34,910

**FRANKLIN TOWNSHIP
LICKING COUNTY**

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

7. 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 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 December 31, 2000 and December 31, 1999, PERS members contributed 8.55% of their gross salaries. The Township contributed an amount equal to 10.84% and 13.55% in 2000 and 1999 respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

8. RISK MANAGEMENT

The Township is a member of the Ohio Township Risk Management Plan (the Plan). The Plan assumes the risk of loss up to the limits of the Township's policy. The Plan may assess supplemental premiums. The following risks are covered by the Plan:

- Comprehensive municipal liability
- Property
- Public officials liability
- Fleet liability(Vehicle)
- Business electronic equipment
- Inland Marine coverage
- Crime coverage



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

Board of Trustees
Franklin Township
Licking County
11730 Flint Ridge Road S.E.
Newark, Ohio 43056-8011

We have audited the financial statements of Franklin Township, Licking 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 April 23, 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 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 23, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 23, 2001.

Franklin Township
Licking County
Report on Compliance and on Internal Control Required By
Government Auditing Standards
Page 2

This report is intended for the information and use of 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

April 23, 2001

**FRANKLIN TOWNSHIP
LICKING COUNTY**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected: Significantly different action taken; or Finding no longer valid; Explain
1998-40645-001	The Township did not bid purchases from various vendors for purchases in excess of \$15,000.	Yes	All purchases greater than \$15,000 were bid and documentation of bidding was maintained by Township during current audit period.
1998-40645-002	The Township did not competitively bid road projects which were greater than \$15,000.	Yes	All purchases greater than \$15,000 were bid and documentation of bidding was maintained by Township during current audit period
1998-40645-003	Interest earned on the Township's Non-Expendable Trust Fund investment was posted to the General Fund.	Yes	All interest for Cemetery bequest fund, was properly posted to Non-Expendable Trust Fund only.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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FRANKLIN TOWNSHIP

LICKING 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
JUNE 21, 2001**