



FRANKLIN TOWNSHIP, ROSS COUNTY

Regular Audit

**For the Year Ended
December 31, 2007**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Mary Taylor, CPA
Auditor of State

Board of Trustees
Franklin Township
2572 Moss Hollow Road
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of Franklin Township, Ross County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2007 through December 31, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 21, 2009

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FRANKLIN TOWNSHIP, ROSS COUNTY
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Independent Auditor's Report

Board of Trustees
Franklin Township, Ross County
2572 Moss Hollow Road
Chillicothe, OH 45628

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin Township (the Township), Ross County as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. 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 of America. 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 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2007, and the respective changes in financial position and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, Fire and EMS, and FEMA Funds for the year then ended in conformity with the cash basis of accounting presented in Note 2.

As described in Note 3, during the year ended December 31, 2007, the Township implemented GASB Statement No. 48.

Board of Trustees
Franklin Township, Ross County
Independent Auditor's Report

In accordance with *Government Auditing Standards*, we have also issued a report dated April 2, 2009 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. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. 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 when considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

April 2, 2009

FRANKLIN TOWNSHIP, ROSS COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

This discussion and analysis of the Franklin Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statements No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Township has elected to exclude the information in this report. Subsequent reports will include the comparative information.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities decreased \$185,618 or 31.34 percent, a significant change from the prior year. The funds most affected by the decrease in cash and cash equivalents were the Fire and EMS Fund and the Permanent Improvement Fund which decreased \$109,576 and \$149,322 respectively.

The Township's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent 37.20 percent of the total cash received in 2007 for governmental activities during the year. Property tax receipts for 2007 changed very little compared to 2006 as development within the Township has slowed. Property taxes and grants and entitlements not restricted to specific programs represent respectively 22.02 and 15.18 percent of the total cash received for governmental activities during the year. The Township received insurance settlements in the amount of \$36,994, which the Township has reported as miscellaneous income.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

FRANKLIN TOWNSHIP, ROSS COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, within the limitations of the cash basis of accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township consists of one type of activity:

Governmental Activities - All of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township consist of one category: governmental.

FRANKLIN TOWNSHIP, ROSS COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Gasoline Tax, Road and Bridge, Fire and EMS, FEMA, and Permanent Improvement Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash & Cash Equivalents	\$406,703	\$592,321
Total Assets	\$406,703	\$592,321
Net Assets		
<i>Restricted for:</i>		
Capital Projects	\$0	\$149,322
Other Purposes	306,791	357,957
Unrestricted	99,912	85,042
Total Net Assets	\$406,703	\$592,321

FRANKLIN TOWNSHIP, ROSS COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

As mentioned previously, net assets of governmental activities decreased \$185,618 or 31.34 percent. The primary reason contributing to the decreases in cash balances for 2007 is as follows:

- The Township had a fire destroy their fire station in 2004, and rebuilt during 2007 causing increased expenditures during 2007.

Table 2 reflects the changes in net assets in 2007 and 2006.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2007	2006
<u>Receipts</u>		
<i>Program Receipts:</i>		
Operating Grants and Contributions	\$96,614	\$110,700
Capital Grants and Contributions	63,763	18,750
Total Program Receipts	160,377	129,450
<i>General Receipts:</i>		
Property Taxes	89,906	87,365
Grants and Entitlements Not Restricted	61,992	64,289
Earnings on Investments	23,741	25,495
Miscellaneous	72,281	60
Total General Receipts	247,920	177,209
Total Receipts	408,297	306,659
<u>Disbursements:</u>		
General Government	99,252	98,627
Public Safety	99,261	75,693
Public Works	46,467	108,458
Health	2,310	4,329
Capital Outlay	337,689	28,495
Principal Retirement	8,301	7,995
Interest and Fiscal Charges	635	941
Total Disbursements	593,915	324,538
Increase (Decrease) in Net Assets	(185,618)	(17,879)
Net Assets at January 1	592,321	610,200
Net Assets at December 31	\$406,703	\$592,321

Program receipts represent only 39.28 percent of total receipts. Program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, cents per gallon, and gas tax money.

FRANKLIN TOWNSHIP, ROSS COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

General receipts represent 60.72 percent of the Township's total receipts, and of this amount, 36.26 percent are property taxes. State and federal grants and entitlements make up 25 percent of the Township's total general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustees, Fiscal Officer, and other general activities, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

Public safety are costs associated with fire protection and emergency services. Public works are costs associated with maintaining Township roads.

Governmental Activities

If you look at the statement of activities you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are capital outlay, which account for \$337,689 or 56.9 percent of all governmental disbursements. Public safety also represents a significant cost, about 16.71 percent. The next two columns of the statement entitled program receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net receipt (disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost during 2007 and 2006 is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost Of Services	Net Cost Of Services	Total Cost Of Services	Net Cost of Services
	2007	2007	2006	2006
General Government	\$99,252	\$99,252	\$98,627	\$98,627
Public Safety	99,261	99,261	75,693	68,271
Public Works	46,467	(50,147)	108,458	(13,570)
Health	2,310	2,310	4,329	4,329
Capital Outlay	337,689	273,926	28,495	28,495
Principal Retirement	8,301	8,301	7,995	7,995
Interest and Fiscal Charges	635	635	941	941
Total Expenses	\$593,915	\$433,538	\$324,538	\$195,088

The dependence upon property taxes and other general receipts is apparent as over 73 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$408,297 and disbursements and other financing uses of \$593,915. The greatest change within governmental funds occurred within the Permanent Improvement Fund and the Fire and EMS Fund respectively. The fund balance of the Permanent Improvement Fund decreased \$149,322 and the fund balance of the Fire and EMS Fund decreased \$109,576 as the result of increased expenditures associated with the building of a new firehouse.

FRANKLIN TOWNSHIP, ROSS COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts increased \$35,228 or 48.37 percent from the original budgeted receipts due to growth in the intergovernmental receipts. The difference between final budgeted receipts and actual receipts was \$1,443 or 1.33 percent.

General Fund final disbursements were budgeted at \$193,098 while actual disbursements were \$94,629. Final budgeted disbursements increased \$35,228 or 22.31 percent from the original budgeted disbursements, which is the result of an increase in budgeted receipts.

Debt Administration

At December 31, 2007, the Township's outstanding debt included \$8,601 in notes payable. For further information regarding the Township's debt, refer to Note 10 to the basic financial statements.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited funding. As indicated in the preceding financial information, the Township relies heavily on local taxes and intergovernmental receipts to operate at the current level of services.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Joyce Lott, Clerk, Franklin Township, Ross County, 2572 Moss Hollow, Chillicothe, Ohio 45601.

FRANKLIN TOWNSHIP, ROSS COUNTY

Statement of Net Assets

December 31, 2007

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$406,703</u>
<i>Total Assets</i>	<u>406,703</u>
<u>Net Assets:</u>	
Restricted for:	
Other Purposes	306,791
Unrestricted	<u>99,912</u>
<i>Total Net Assets</i>	<u><u>\$406,703</u></u>

See accompanying notes to the basic financial statements.

FRANKLIN TOWNSHIP, ROSS COUNTY

Statement of Activities

For the Year Ended December 31, 2007

	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets	
	Disbursements	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Governmental Activities:</u>			Governmental Activities	
General Government	\$99,252	\$0	\$0	(\$99,252)
Public Safety	99,261	0	0	(99,261)
Public Works	46,467	96,614	0	50,147
Health	2,310	0	0	(2,310)
Capital Outlay	337,689	0	63,763	(273,926)
<i>Debt Service:</i>				
Principal Retirement	8,301	0	0	(8,301)
Interest and Fiscal Charges	635	0	0	(635)
<i>Total Governmental Activities</i>	<u>\$593,915</u>	<u>\$96,614</u>	<u>\$63,763</u>	<u>(433,538)</u>
<u>General Receipts:</u>				
Property Taxes				89,906
Grants and Entitlements not Restricted to Specific Programs				61,992
Earnings on Investments				23,741
Miscellaneous				72,281
				<u>247,920</u>
<i>Total General Receipts</i>				<u>247,920</u>
Change in Net Assets				(185,618)
<i>Net Assets at Beginning of Year</i>				<u>592,321</u>
<i>Net Assets at End of Year</i>				<u>\$406,703</u>

See accompanying notes to the basic financial statements.

FRANKLIN TOWNSHIP, ROSS COUNTY

Balance Sheet

Governmental Funds

December 31, 2007

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$99,912	\$125,750	\$43,269
<i>Total Assets</i>	<u>\$99,912</u>	<u>\$125,750</u>	<u>\$43,269</u>
<u>Fund Balances:</u>			
<i>Unreserved</i>			
General Fund	\$99,912	\$0	\$0
Special Revenue Funds	0	125,750	43,269
<i>Total Fund Balances</i>	<u>\$99,912</u>	<u>\$125,750</u>	<u>\$43,269</u>

See accompanying notes to the basic financial statements.

<u>Fire and EMS</u>	<u>FEMA</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$104,137	\$0	\$0	\$33,635	\$406,703
<u>\$104,137</u>	<u>\$0</u>	<u>\$0</u>	<u>\$33,635</u>	<u>\$406,703</u>
\$0	\$0	\$0	\$0	\$99,912
104,137	0	0	33,635	306,791
<u>\$104,137</u>	<u>\$0</u>	<u>\$0</u>	<u>\$33,635</u>	<u>\$406,703</u>

FRANKLIN TOWNSHIP, ROSS COUNTY
Statement of Receipts, Disbursements and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2007

	General	Gasoline Tax	Road and Bridge
<u>Receipts:</u>			
Property Taxes	\$17,747	\$0	\$15,017
Intergovernmental	79,158	80,043	9,525
Earnings on Investments	12,535	3,179	0
Miscellaneous	59	0	0
<i>Total Receipts</i>	<u>109,499</u>	<u>83,222</u>	<u>24,542</u>
<u>Disbursements:</u>			
<i>Current:</i>			
General Government	87,713	0	11,539
Public Safety	0	0	0
Public Works	0	25,544	15,602
Health	2,310	0	0
Capital Outlay	4,606	0	0
<i>Debt Service:</i>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Disbursements</i>	<u>94,629</u>	<u>25,544</u>	<u>27,141</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	14,870	57,678	(2,599)
<i>Fund Balances at Beginning of Year</i>	<u>85,042</u>	<u>68,072</u>	<u>45,868</u>
<i>Fund Balances at End of Year</i>	<u><u>\$99,912</u></u>	<u><u>\$125,750</u></u>	<u><u>\$43,269</u></u>

See accompanying notes to the basic financial statements.

Fire and EMS	FEMA	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
\$57,142	\$0	\$0	\$0	\$89,906
8,536	63,763	0	16,571	257,596
0	0	7,011	1,017	23,742
36,994	0	0	0	37,053
<u>102,672</u>	<u>63,763</u>	<u>7,011</u>	<u>17,588</u>	<u>408,297</u>
0	0	0	0	99,252
99,261	0	0	0	99,261
0	0	0	5,321	46,467
0	0	0	0	2,310
112,987	63,763	156,333	0	337,689
0	0	0	8,301	8,301
0	0	0	635	635
<u>212,248</u>	<u>63,763</u>	<u>156,333</u>	<u>14,257</u>	<u>593,915</u>
(109,576)	0	(149,322)	3,331	(185,618)
<u>213,713</u>	<u>0</u>	<u>149,322</u>	<u>30,304</u>	<u>592,321</u>
<u>\$104,137</u>	<u>\$0</u>	<u>\$0</u>	<u>\$33,635</u>	<u>\$406,703</u>

FRANKLIN TOWNSHIP, ROSS COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$17,075	\$17,075	\$17,747	\$672
Intergovernmental	45,753	80,981	79,158	(1,823)
Earnings on Investments	10,000	10,000	12,535	2,535
Miscellaneous	0	0	59	59
<i>Total Receipts</i>	<u>72,828</u>	<u>108,056</u>	<u>109,499</u>	<u>1,443</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	135,870	171,098	87,713	83,385
Health	6,500	6,500	2,310	4,190
Capital Outlay	15,500	15,500	4,606	10,894
<i>Total Disbursements</i>	<u>157,870</u>	<u>193,098</u>	<u>94,629</u>	<u>98,469</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(85,042)	(85,042)	14,870	99,912
<i>Fund Balance at Beginning of Year</i>	<u>85,042</u>	<u>85,042</u>	<u>85,042</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$99,912</u>	<u>\$99,912</u>

See accompanying notes to the basic financial statements.

FRANKLIN TOWNSHIP, ROSS COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Gasoline Tax Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$65,000	\$65,000	\$80,043	\$15,043
Earnings on Investments	1,800	1,800	3,179	1,379
<i>Total Receipts</i>	66,800	66,800	83,222	16,422
<u>Disbursements:</u>				
<i>Current:</i>				
Public Works	131,872	131,872	25,544	106,328
Capital Outlay	3,000	3,000	0	3,000
<i>Total Disbursements</i>	134,872	134,872	25,544	109,328
<i>Excess of Receipts Over (Under) Disbursements</i>	(68,072)	(68,072)	57,678	125,750
<i>Fund Balance at Beginning of Year</i>	68,072	68,072	68,072	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$125,750	\$125,750

See accompanying notes to the basic financial statements.

FRANKLIN TOWNSHIP, ROSS COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Road and Bridge Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$14,448	\$14,448	\$15,017	\$569
Intergovernmental	9,502	9,502	9,525	23
<i>Total Receipts</i>	23,950	23,950	24,542	592
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	11,539	11,539	11,539	0
Public Works	58,279	58,279	15,602	42,677
<i>Total Disbursements</i>	69,818	69,818	27,141	42,677
<i>Excess of Receipts Over (Under) Disbursements</i>	(45,868)	(45,868)	(2,599)	43,269
<i>Fund Balance at Beginning of Year</i>	45,868	45,868	45,868	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$43,269	\$43,269

See accompanying notes to the basic financial statements.

FRANKLIN TOWNSHIP, ROSS COUNTY
*Statement of Receipts , Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Fire and EMS Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$54,605	\$54,605	\$57,142	\$2,537
Intergovernmental	8,399	8,399	8,536	137
Miscellaneous	0	36,953	36,994	41
<i>Total Receipts</i>	63,004	99,957	102,672	2,715
<u>Disbursements:</u>				
<i>Current:</i>				
Public Safety	163,730	200,683	99,261	101,422
Capital Outlay	112,987	112,987	112,987	0
<i>Total Disbursements</i>	276,717	313,670	212,248	101,422
<i>Excess of Receipts Over (Under) Disbursements</i>	(213,713)	(213,713)	(109,576)	104,137
<i>Fund Balance at Beginning of Year</i>	213,713	213,713	213,713	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$104,137	\$104,137

See accompanying notes to the basic financial statements.

FRANKLIN TOWNSHIP, ROSS COUNTY
*Statement of Receipts , Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
FEMA Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Intergovernmental	\$63,763	\$63,763	\$63,763	\$0
<i>Total Receipts</i>	<u>63,763</u>	<u>63,763</u>	<u>63,763</u>	<u>0</u>
<u>Disbursements:</u>				
Capital Outlay	63,763	63,763	63,763	0
<i>Total Disbursements</i>	<u>63,763</u>	<u>63,763</u>	<u>63,763</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	0	0	0	0
<i>Fund Balance at Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

FRANKLIN TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 1 – Reporting Entity

The Franklin Township, Ross County, Ohio (the Township), is a body politic and corporate established in 1758 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 also has an elected Township Fiscal Officer.

The Township provides general government services, maintenance of Township roads and bridges, maintenance of cemeteries, and fire and emergency service protection.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguished between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township has no business-type activities.

The statement of net assets presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the Township's general receipts.

FRANKLIN TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 2 – Summary of Significant Accounting Policies – (Continued)

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into one category: governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Governmental funds focus on the sources, uses, and balances of current financial resources.

The following is the Township's major governmental funds:

General Fund – This fund is used to account for all financial resources, except those required to be accounted for in another fund.

Gasoline Tax Fund – This fund is comprised of taxes on the sale of gasoline which is distributed to the Township based upon road mileage determined by the state, and used for the repair and maintenance of Township roads.

Road and Bridge Fund – This fund is comprised of property taxes designated for the repair and maintenance of Township roads and bridges.

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

FEMA Fund – This fund receives grant money from FEMA designated for the building of a new firehouse.

Permanent Improvement Fund – This fund is used to account for transactions related to acquiring, constructing, or improving facilities and equipment.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

FRANKLIN TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 2 – Summary of Significant Accounting Policies – (Continued)

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, function, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

The Township invested in STAR Ohio, however the funds invested with STAR Ohio were withdrawn during 2007.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund was \$12,535 which includes \$10,025 assigned from other Township funds.

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

FRANKLIN TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 2 – Summary of Significant Accounting Policies – (Continued)

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postemployment health care benefits.

K. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for state grants reported in special revenue funds.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

FRANKLIN TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 3 – New GASB Pronouncements

For the year 2007, the Township has implemented Governmental Accounting Standards Board (GASB) Statement 48, “Sales and pledges of receivables and future revenues and intra-entity transfers of assets and future revenues”. GASB Statement 48 establishes accounting and financial standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. The application of this new standard did not have a material effect on the Township’s financial statements, nor did its implementation require a restatement of prior year balances.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Fire and EMS Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The only difference between the budgetary basis and the cash basis is that encumbrances are treated as expenditures for all funds (budgetary basis) rather than as a reservation of fund balance. There were no differences for the year ended December 31, 2007.

Note 5 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

FRANKLIN TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 5 – Deposits and Investments – (Continued)

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Township.

At December 31, 2007, the carrying amount of all Township deposits was \$406,703. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of December 31, 2007, \$421,126 of the Township's bank balance of \$521,126 was exposed to custodial risk as discussed above while \$100,000 was covered by Federal Deposit Insurance. The \$421,126 exposed to custodial risk was collateralized with securities held by the Township or its agency in the Township's name.

Custodial Credit Risk: The Township has no formal investment policy, but requires that deposits follow the Ohio Revised Code.

FRANKLIN TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 5 – Deposits and Investments – (Continued)

Investments

As of December 31, 2007, the Township had no investments.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Township limits investment portfolio maturities to five years or less

Credit Risk: Standard and Poor's has assigned STAROhio an "AAAm" money market rating.

Custodial Credit Risk: For investments, custodian credit risk is the risk that, in the event of the failure of the counter party, the Township will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Township has no formal investment policy. All of the Township's investments are held in the Township's name.

Concentration of Credit Risk: Concentration of credit risk is risk of loss attributed to the magnitude of a government's investment in a single issuer. The Township has no formal investment policy that would minimize concentration of credit risk.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2005, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is being phased out. For 2007, tangible personal property was assessed at 12.50 percent for property, including inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

FRANKLIN TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 6 – Property Taxes – (Continued)

The full tax rate for all Township operations for the year ended December 31, 2007, was \$8.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

	2007	2006
Real Property		
Residential	\$3,074,680	\$2,962,440
Agricultural	8,621,390	8,440,990
Commercial/Industrial/Mineral	255,750	330,490
Tangible Personal Property	35,150	63,880
Public Utility	2,069,640	2,198,100
Total Assessed Value	\$14,026,610	\$13,995,900

Note 7 – Risk Management

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 or \$3,000,000 as noted above.

FRANKLIN TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 7 – Risk Management (continued)

Property Coverage

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006 or \$100,000 and \$300,000 in 2007. Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective Township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (latest information available):

<u>Combined Coverage</u>	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Retained Earnings	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, casualty coverage liabilities noted above include approximately \$11.6 million and \$10.8 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$23,092. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

The Township's required contributions to OTARMA for 2007 was \$11,546.

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also, upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

FRANKLIN TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9.75 percent. The Township's contribution rate for pension benefits for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 17.17 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to all three plans for the years ended December 31, 2007, 2006, and 2005 were \$7,671, \$4,975, and \$5,170 respectively. The full amount has been contributed for 2007, 2006 and 2005.

FRANKLIN TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement); 5.00 percent of covered payroll was the portion that was used to fund health care from January 1, 2007 through June 30, 2007, and 6.00 percent from July 1, 2007 through December 31, 2007.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 5.0 percent annually for the next eight years and 4.0 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

At December 31, 2007, the number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$3,046. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

FRANKLIN TOWNSHIP, ROSS COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 10 - Notes Payable

A summary of the note transactions for the year ended December 31, 2007, follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
<u>Governmental Activities</u>					
2003 Backhoe Loader	3.75%	\$16,902	\$0	\$8,301	\$8,601
Total Governmental Activities		\$16,902	\$0	\$8,301	\$8,601

The Township issued a note for the purchase of a new John Deere Backhoe/Loader in 2003. The Note will be paid off in annual installments of \$8,936 (principal and interest), which will be paid with a portion of the Township's Gasoline Tax funds.

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

Year Ending December 31:	Principal	Interest	Total Payments
2008	\$8,601	\$328	\$8,936
Total Debt Payments	\$8,601	\$328	\$8,936

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards**

Board of Trustees
Franklin Township, Ross County
2572 Moss Hollow Road
Chillicothe, OH 45601

We have audited the accompanying financial statements of Franklin Township, Ross County, Ohio (Township), as of and for the year ended December 31, 2007, and have issued our report thereon dated April 2, 2009, which we noted the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 48, *Sales and pledges of receivables and future revenues and intra-entity transfers of assets and future revenues*. As discussed in Note 2, the Township followed the cash basis of accounting, which is a comprehensive basis other than accounting principles generally accepted in the United States of America. 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 of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Board of Trustees
Franklin Township, Ross County
Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards

Compliance and Other Matters

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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain additional matters that we have reported to management of the Township in a separate letter dated April 2, 2009.

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

April 2, 2009



Mary Taylor, CPA
Auditor of State

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
JUNE 4, 2009**