

***FRANKLIN TOWNSHIP  
ERIE COUNTY, PENNSYLVANIA***

***FINANCIAL STATEMENTS***

***Year Ended December 31, 1999***

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report . . . . .	1
Combined Balance Sheet - Cash Basis - All Fund Types and Account Groups . . . . .	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Cash Basis - General, Special Revenue and Capital Projects Funds . . . . .	3
Notes to Financial Statements . . . . .	4
<b>Supplemental Information:</b>	
Combining Balance Sheet - Cash Basis - Special Revenue Funds . . . . .	9
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Cash Basis - Special Revenue Funds . . . . .	10
Combining Balance Sheet - Cash Basis - Capital Projects Funds . . . . .	11
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Cash Basis - Capital Projects Funds . . . . .	12
Combining Balance Sheet - Cash Basis - Fiduciary Funds . . . . .	13
Schedule of Changes in General Fixed Assets and General Long-Term Debt . . . . .	14
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in accordance with <i>Government Auditing Standards</i> . . . . .	15



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*INDEPENDENT AUDITORS' REPORT*

To the Board of Supervisors  
Franklin Township, Erie County, Pennsylvania

We have audited the accompanying financial statements of Franklin Township, Erie County, Pennsylvania, as of December 31, 1999, and for the year then ended. 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 *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 described in Note 1, Franklin Township, Erie County, Pennsylvania prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of Pennsylvania, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of Franklin Township, Erie County, Pennsylvania, as of December 31, 1999, and the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 10, 2000 on our consideration of Franklin Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Monahan & Monahan  
Certified Public Accountants

January 10, 2000  
Erie, Pennsylvania

FRANKLIN TOWNSHIP, ERIE COUNTY, PENNSYLVANIA  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 December 31, 1999

	<u>Governmental Fund Types</u>			<u>Fiduciary</u>	<u>Account</u>		<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Capital</u> <u>Projects</u>	<u>Fund Type</u> <u>Agency</u>	<u>General</u> <u>Fixed</u> <u>Assets</u>	<u>General</u> <u>Long-Term</u> <u>Debt</u>	
<u>ASSETS</u>							
Cash - unrestricted	\$ 44,320	\$ 2,391	\$ 20,258	\$ 2,003	\$ —	\$ —	\$ 68,972
Cash - restricted (Note 2)	290,221	—	—	48,899	—	—	339,120
Amount provided for retirement of general long-term debt	—	—	—	—	—	416,710	416,710
Property and equipment	—	—	—	—	544,669	—	544,669
<b>Total assets</b>	<b>\$ 334,541</b>	<b>\$ 2,391</b>	<b>\$ 20,258</b>	<b>\$ 50,902</b>	<b>\$ 544,669</b>	<b>\$ 416,710</b>	<b>\$ 1,369,471</b>
<u>LIABILITIES AND FUND EQUITY</u>							
Current liabilities							
Payroll taxes payable	\$ —	\$ —	\$ —	\$ 243	\$ —	\$ —	\$ 243
Due to other governments	—	—	—	48,899	—	—	48,899
Construction bond payable	12,000	—	—	—	—	—	12,000
Current portion of long-term debt	—	—	—	—	—	44,072	44,072
<b>Total current liabilities</b>	<b>12,000</b>	<b>—</b>	<b>—</b>	<b>49,142</b>	<b>—</b>	<b>44,072</b>	<b>105,214</b>
Long-term debt, net of current portion	—	—	—	—	—	372,638	372,638
<b>Total liabilities</b>	<b>12,000</b>	<b>—</b>	<b>—</b>	<b>49,142</b>	<b>—</b>	<b>416,710</b>	<b>477,852</b>
Fund Equity							
Fund balance	322,541	2,391	20,258	1,760	—	—	346,950
Investment in general fixed assets	—	—	—	—	544,669	—	544,669
<b>Total fund equity</b>	<b>322,541</b>	<b>2,391</b>	<b>20,258</b>	<b>1,760</b>	<b>544,669</b>	<b>—</b>	<b>891,619</b>
<b>Total liabilities and fund equity</b>	<b>\$ 334,541</b>	<b>\$ 2,391</b>	<b>\$ 20,258</b>	<b>\$ 50,902</b>	<b>\$ 544,669</b>	<b>\$ 416,710</b>	<b>\$ 1,369,471</b>

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

**FRANKLIN TOWNSHIP, ERIE COUNTY, PENNSYLVANIA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**CASH BASIS - GENERAL, SPECIAL REVENUE AND CAPITAL PROJECTS FUNDS**  
**Year Ended December 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)	Total Budget
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>		
<b>Revenues:</b>					
<b>Taxes</b>					
Real estate taxes	\$ 44,064	\$ —	\$ 30,989	\$ 75,053	\$ 75,750
Real estate transfer taxes	6,054	—	—	6,054	8,000
Earned income taxes	<u>134,545</u>	—	—	<u>134,545</u>	<u>97,000</u>
Total Taxes	184,663	—	30,989	215,652	180,750
Licenses and permits	1,640	—	—	1,640	1,800
Fines and forfeits	3,715	—	—	3,715	4,000
Interest earnings	6,118	1,181	1,953	9,252	5,500
Intergovernmental revenue	18,518	71,417	—	89,935	91,153
Charges for services	52,830	—	—	52,830	55,440
Special assessment revenue	—	4,783	—	4,783	3,937
Miscellaneous revenues	<u>4,342</u>	—	—	<u>4,342</u>	<u>1,000</u>
Total Revenues	<u>271,826</u>	<u>77,381</u>	<u>32,942</u>	<u>382,149</u>	<u>343,580</u>
<b>Expenditures:</b>					
<b>Current</b>					
General government	87,288	8	—	87,296	116,820
Public safety	15,475	—	6,549	22,024	16,544
Public works - sanitation	10,377	—	—	10,377	3,000
- highways	74,318	72,513	30,018	176,849	413,709
Debt service - principal	32,965	12,490	5,262	50,717	39,202
- interest	8,197	1,173	827	10,197	10,200
Miscellaneous expenses	<u>9,696</u>	—	—	<u>9,696</u>	<u>18,305</u>
Total Current Expenditures	238,316	86,184	42,656	367,156	617,780
Capital Outlay	<u>13,786</u>	—	—	<u>13,786</u>	—
Total Expenditures	<u>252,102</u>	<u>86,184</u>	<u>42,656</u>	<u>380,942</u>	<u>617,780</u>
Excess of Revenues over (under) Expenditures	<u>19,724</u>	<u>(8,803)</u>	<u>(9,714)</u>	<u>1,207</u>	<u>(274,200)</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds of long-term debt	288,000	—	—	288,000	274,200
Interfund transfers	<u>4,780</u>	—	<u>(4,780)</u>	—	—
Total Other Financing Sources	<u>292,780</u>	—	<u>(4,780)</u>	<u>288,000</u>	<u>274,200</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	312,504	(8,803)	(14,494)	289,207	<u>—</u>
Fund Balance - Beginning of year	<u>10,037</u>	<u>11,194</u>	<u>34,752</u>	<u>55,983</u>	
Fund Balance - End of year	<u>\$ 322,541</u>	<u>\$ 2,391</u>	<u>\$ 20,258</u>	<u>\$ 345,190</u>	

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

FRANKLIN TOWNSHIP, ERIE COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

In evaluating how to define Franklin Township for financial reporting purposes, management has considered all potential component units. The decision whether or not to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles. The basic--but not the only--criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Township is able to exercise oversight responsibilities. Based upon the application of these criteria, no component units exist.

Fund Accounting

The accounts of the Township are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based on the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds are grouped, in the financial statements in this report, into four generic fund categories and two broad fund types as follows:

**Governmental Fund Types**

General Fund

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes.

FRANKLIN TOWNSHIP, ERIE COUNTY, PENNSYLVANIA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1999

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Projects Fund

This fund is used to account for financial resources to be used for the acquisition and construction of major capital facilities.

**Fiduciary Fund Types**

Agency Funds

Agency funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Account Groups**

Account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

General Fixed Asset Account Group

The General Fixed Asset Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

General Long-Term Debt Account Group

The General Long-Term Debt Account Group is used to account for long-term liabilities to be financed from governmental fund types.

*Basis of Accounting*

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All funds are accounted for using the cash basis of accounting. Consequently certain revenues and the related assets are recognized when received rather than when earned and certain expenses and the related liabilities are recognized when paid rather than when the obligation is incurred.

# FRANKLIN TOWNSHIP, ERIE COUNTY, PENNSYLVANIA

## NOTES TO FINANCIAL STATEMENTS

December 31, 1999

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Budgetary Data

Formal budgets are utilized as a management control by the Township. Annual operating budgets are adopted each year through passage of an annual budget ordinance and amended as required. The same basis of accounting used to prepare budgets is used to reflect actual revenues and expenditures recognized. All budget appropriations lapse at the end of each year. No amendments have been made to the Township's 1999 budgets. The Township prepares a single consolidated budget for all funds, therefore individual fund budgetary data is not available.

#### Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied January 1 and become due and payable at that time. All unpaid taxes levied January 1 become delinquent February 15 of the following year.

Property tax revenues are recognized when paid to the Township. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided.

#### Total Columns on Combined Statements - Overview

Total columns on the Combined Statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data so it is not comparable to consolidation.

#### Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### Note 2 - Cash

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do not allow the pooling of governmental funds for investment purposes.

The deposit policy of the Township adheres to state statutes and prudent business practice. Deposits of the governmental funds are maintained in demand deposits or short term certificates of deposit. There were no deposit transactions during the year that were in violation of either the state statutes or the policy of the Township.

FRANKLIN TOWNSHIP, ERIE COUNTY, PENNSYLVANIA  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 1999

Note 2 - Cash (Continued)

The Township's deposits are categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes deposits that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered deposits for which the securities are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered deposits for which the securities are held by the counterparty, or by its trust department or agent but not in the Township's name.

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Cash	\$ 408,092	\$ 440,029	\$ 252,029	\$ 188,000	\$ —
Total	<u>\$ 408,092</u>	<u>\$ 440,029</u>	<u>\$ 252,029</u>	<u>\$ 188,000</u>	<u>\$ —</u>

The \$ 290,221 of restricted cash in the general fund is comprised of two items. The first is a \$ 270,221 certificate of deposit held by the Township for the purpose of local bridge improvements. The second item, totalling \$ 20,000 relates to certificates of deposit held by the Township on behalf of developers. Upon completion of the projects to the specifications required by the Township, the funds will be returned to the developers. If the project does not meet Township specifications, the Township has the authority to use these funds to correct any substandard work.

The \$ 48,899 of restricted cash in the Agency Fund relates to nonresident earned income tax remittances which are owed to other municipalities and are awaiting claims by those municipalities.

Note 3 - Long-Term Debt

During 1992, the Township issued a general obligation note in the amount of \$ 225,797 which was purchased by PNC Bank. This note is subject to an interest rate of 6.5% fixed for a period of 5 years. At the end of the 5 year term, the Township has the option to select an interest rate of either 75% of PNC Bank Prime Rate, or a new 5 year fixed rate to be quoted by PNC Bank based on conditions at that time. The term of the note is 10 years. The monthly payment for the first five years is \$ 2,563.88. The proceeds of the debt were used to purchase equipment and to liquidate other notes. The amount outstanding at December 31, 1999 was \$ 63,661.

During 1996, the Township borrowed \$ 73,000 from PNC Bank. The loan is payable over seven years in equal monthly installments of \$ 1,046.94 including interest at 5.5%. The proceeds of the debt were used to purchase equipment. The amount outstanding at December 31, 1999 was \$ 38,178.

During 1996, the Township borrowed \$ 23,940 from the Pennsylvania Local Government Capital Project. The loan is payable over 10 years in equal quarterly installments of \$ 661.83 including interest at 2.0%. The proceeds were used to purchase equipment. The amount outstanding at December 31, 1999 was \$ 14,933.

FRANKLIN TOWNSHIP, ERIE COUNTY, PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

Note 3 - Long-Term Debt (Continued)

During 1996, the Township borrowed \$ 80,000 from PNC Bank to complete the Silverthorn Road paving project. The loan is payable in 10 equal annual payments of \$ 8,000 plus interest paid quarterly at 6.0%. The Township used all proceeds of the special assessment received to date to reduce the loan balance. The amount outstanding at December 31, 1999 was \$ 11,938.

During 1998, the Township borrowed \$ 288,000 from the Pennsylvania Department of Transportation. The entire principal amount is due by November 1, 2001. Interest is accrued at 4.0% and is payable monthly. The proceeds are being used to make improvements to a local bridge. The amount outstanding at December 31, 1999 was \$ 288,000.

The following is a schedule of the maturities of the long-term debt over the next five years ending December 31,:

2000	\$	44,072
2001		334,601
2002		24,770
2003		8,090
2004		2,562
Thereafter		<u>2,615</u>
	\$	<u>416,710</u>

Note 4 - Legal Representation

According to legal counsel for Franklin Township, no material lawsuits were either entered or were pending against the Township as of December 31, 1999.

Note 5 - Year 2000 Compliance (Unaudited)

The year 2000 (Y2K) issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Township's operations as early as 1999.

The Township has completed an inventory of its computer systems and other electronic equipment that may be affected by the Y2K issue and that are necessary to conducting the Township's operations. The Township has completed assessment, remediation validation and testing of these systems.

Because of the unprecedented nature of the Y2K issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Township is or will be Y2K ready, that the Township's remediation efforts will be successful in whole or in part, or that parties with whom the Township does business will be Y2K ready.

FRANKLIN TOWNSHIP, ERIE COUNTY, PENNSYLVANIA  
 COMBINING BALANCE SHEET - CASH BASIS  
 SPECIAL REVENUE FUNDS  
 December 31, 1999

	State Liquid Fuels Fund <u>          </u>	Silverthorn Road Assessment Fund <u>          </u>	Total (Memorandum Only) <u>          </u>
 <b>ASSETS</b>			
Cash	\$ <u>      54</u>	\$ <u>     2,337</u>	\$ <u>     2,391</u>
Total Assets	<u>\$ <u>      54</u></u>	<u>\$ <u>     2,337</u></u>	<u>\$ <u>     2,391</u></u>
 <b>FUND EQUITY</b>			
Fund Balance	<u>\$ <u>      54</u></u>	<u>\$ <u>     2,337</u></u>	<u>\$ <u>     2,391</u></u>

FRANKLIN TOWNSHIP, ERIE COUNTY, PENNSYLVANIA  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND BALANCE  
 SPECIAL REVENUE FUNDS  
 December 31, 1999

	State Liquid Fuels Fund	Silverthorn Road Assessment Fund	Total (Memorandum Only)
<b>REVENUES</b>			
Interest earnings	\$ 1,064	\$ 117	\$ 1,181
Intergovernmental revenues	71,417	—	71,417
Special assessment revenues	—	4,783	4,783
Total Revenues	<u>72,481</u>	<u>4,900</u>	<u>77,381</u>
<b>EXPENDITURES</b>			
General government	—	8	8
Public Works - highways	72,513	—	72,513
Debt service - principal	—	12,490	12,490
- interest	—	1,173	1,173
Total Expenditures	<u>72,513</u>	<u>13,671</u>	<u>86,184</u>
Excess of Revenues over (under) Expenditures	<u>(32)</u>	<u>(8,771)</u>	<u>(8,803)</u>
Other Financing Sources (Uses):			
Interfund transfers	—	—	—
Total Other Financing Sources (Uses)	—	—	—
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(32)	(8,771)	(8,803)
Fund Balance - Beginning of year	<u>86</u>	<u>11,108</u>	<u>11,194</u>
Fund Balance - End of year	<u>\$ 54</u>	<u>\$ 2,337</u>	<u>\$ 2,391</u>

FRANKLIN TOWNSHIP, ERIE COUNTY, PENNSYLVANIA  
 COMBINING BALANCE SHEET - CASH BASIS  
 CAPITAL PROJECTS FUNDS  
 December 31, 1999

	<u>Fire Department Fund</u>	<u>Municipal Building Fund</u>	<u>Road Equipment Fund</u>	<u>Capital Improvements Fund</u>	<u>Total (Memorandum only)</u>
<b>ASSETS</b>					
Cash - unrestricted	\$ 2,993	\$ 3,588	\$ 2,507	\$ 11,170	\$ 20,258
Total Assets	<u>\$ 2,993</u>	<u>\$ 3,588</u>	<u>\$ 2,507</u>	<u>\$ 11,170</u>	<u>\$ 20,258</u>
<b>FUND EQUITY</b>					
Fund Balance	<u>\$ 2,993</u>	<u>\$ 3,588</u>	<u>\$ 2,507</u>	<u>\$ 11,170</u>	<u>\$ 20,258</u>

FRANKLIN TOWNSHIP, ERIE COUNTY, PENNSYLVANIA  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE - CASH BASIS  
 CAPITAL PROJECTS FUNDS  
 Year Ended December 31, 1999

	<u>Fire Department Fund</u>	<u>Municipal Building Fund</u>	<u>Road Equipment Fund</u>	<u>Permanent Improvements Fund</u>	<u>Total (Memorandum only)</u>
<b>REVENUES</b>					
Real estate taxes	\$ 8,262	\$ 2,065	\$ 8,262	\$ 12,400	\$ 30,989
Interest	308	134	248	1,263	1,953
Miscellaneous	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Revenues	<u>8,570</u>	<u>2,199</u>	<u>8,510</u>	<u>13,663</u>	<u>32,942</u>
<b>EXPENDITURES</b>					
Debt Service:					
Principal retirement	—	—	5,262	—	5,262
Interest	—	—	827	—	827
Public safety	6,549	—	—	—	6,549
Public works - highways	—	—	—	30,018	30,018
- other	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Expenditures	<u>6,549</u>	<u>—</u>	<u>6,089</u>	<u>30,018</u>	<u>42,656</u>
Excess of Revenues over (under) Expenditures	<u>2,021</u>	<u>2,199</u>	<u>2,421</u>	<u>(16,355)</u>	<u>(9,714)</u>
Other Financing Sources (Uses):					
Interfund Transfers In (Out)	<u>(4,780)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,780)</u>
Total Other Financing Sources (Uses)	<u>(4,780)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,780)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,759)	2,199	2,421	(16,355)	(14,494)
Fund Balance - Beginning of year	<u>5,752</u>	<u>1,389</u>	<u>86</u>	<u>27,525</u>	<u>34,752</u>
Fund Balance - End of year	<u>\$ 2,993</u>	<u>\$ 3,588</u>	<u>\$ 2,507</u>	<u>\$ 11,170</u>	<u>\$ 20,258</u>

FRANKLIN TOWNSHIP, ERIE COUNTY, PENNSYLVANIA  
 COMBINING BALANCE SHEET - CASH BASIS  
 FIDUCIARY FUNDS  
 December 31, 1999

	<u>Payroll Fund</u>	<u>Earned Income Tax Fund</u>	<u>Totals (Memorandum only)</u>
<b>ASSETS</b>			
Cash - unrestricted	\$ 2,003	\$ —	\$ 2,003
Cash - restricted	<u>—</u>	<u>48,899</u>	<u>48,899</u>
Total Assets	<u>\$ 2,003</u>	<u>\$ 48,899</u>	<u>\$ 50,902</u>
 <b>LIABILITIES AND FUND EQUITY</b>			
Liabilities			
Payroll taxes payable	\$ 243	\$ —	\$ 243
Due to other governments	<u>—</u>	<u>48,899</u>	<u>48,899</u>
Total Liabilities	<u>243</u>	<u>48,899</u>	<u>49,142</u>
Fund Equity			
Fund Balance	<u>1,760</u>	<u>—</u>	<u>1,760</u>
Total Fund Equity	<u>1,760</u>	<u>—</u>	<u>1,760</u>
Total Liabilities and Fund Equity	<u>\$ 2,003</u>	<u>\$ 48,899</u>	<u>\$ 50,902</u>

FRANKLIN TOWNSHIP, ERIE COUNTY, PENNSYLVANIA  
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS AND  
 GENERAL LONG-TERM DEBT  
 Year Ended December 31, 1999

	<u>Balance January 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 1999</u>
<b>Changes in General Fixed Assets:</b>				
Land	\$ 12,500	\$ —	\$ —	\$ 12,500
Buildings	75,290	—	—	75,290
Vehicles and equipment	434,610	8,062	—	442,672
Office equipment and furniture	<u>8,483</u>	<u>5,724</u>	<u>—</u>	<u>14,207</u>
Totals	<u>\$ 530,883</u>	<u>\$ 13,786</u>	<u>\$ —</u>	<u>\$ 544,669</u>

**Changes in General Long-Term Debt:**

Long-term debt	\$ <u>179,427</u>	\$ <u>288,000</u>	\$ <u>50,717</u>	\$ <u>416,710</u>
Totals	<u>\$ 179,427</u>	<u>\$ 288,000</u>	<u>\$ 50,717</u>	<u>416,710</u>

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Franklin Township Supervisors  
Franklin Township, Pennsylvania

We have audited the financial statements of the Franklin Township, Pennsylvania as of and for the year ended December 31, 1999, and have issued our report thereon dated January 10, 2000. 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 Franklin Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Franklin 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.

This report is intended for the information of management and the supervisors of Franklin Township. However, this report is a matter of public record and its distribution is not limited.



Monahan & Monahan  
Certified Public Accountants

January 10, 2000  
Erie, Pennsylvania