

FRANKLIN TOWNSHIP

Financial Statements

For the Year Ended December 31, 2018



Buseck · Barger · Bleil & Co. Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

To the Supervisors of Franklin Township
Franklin Township, Commonwealth of Pennsylvania

We have audited the accompanying financial statements of the various funds and account groups, included in the Department of Community and Economic Development's (DCED) prescribed form of Franklin Township, Commonwealth of Pennsylvania, as of and for the year ended December 31, 2018, which collectively comprise the financial statements as shown in the DCED prescribed form.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements included in DCED's prescribed form in accordance with the cash basis of accounting, which is permitted, by the Pennsylvania Department of Community and Economic Development, Governor's Center for Local Government Services as described in section entitled "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles". This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements included in DCED's prescribed form based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements included in DCED's prescribed form are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described below, the Township prepared these financial statements included in DCED's prescribed form using the cash basis of accounting that is permitted by the Pennsylvania Department of Community and Economic Development, Governor's Center for Local Government Services, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the cash basis of accounting and accounting principles generally accepted in the United States of America are that revenues are recorded when received rather than earned and expenditures are recognized when paid rather than when incurred. Fixed assets, improvements and infrastructure assets are not capitalized instead; capital acquisitions and construction are reflected as expenditures. Accounts payable, accrued expenses, and long-term debt are not recognized as liabilities under the cash basis. When the proceeds of the debt are received, they are recorded as revenues and other financing sources. As the debt and expenses are paid, the principal payments are recorded as expenditures.

Also, management of the Franklin Township, Commonwealth of Pennsylvania has not presented a management's discussion and analysis and budget versus actual report that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Franklin Township, Commonwealth of Pennsylvania as of December 31, 2018, or the changes in its financial position for the year then ended.

Opinion on Cash Basis of Accounting Used to Prepare the DCED Prescribed Form

In our opinion, the financial statements included in the prescribed form referred to above present fairly, in all material respects, the various funds and account groups of the Franklin Township, Commonwealth of Pennsylvania, as of December 31, 2018, and its revenues and expenditures for the year then ended, on the basis of accounting described in the fourth paragraph above.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The DCED required accompanying financial information listed as "Debt Statement, Statement of Capital Expenditures, and Employee Compensation Schedule" is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was

derived from and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statements as a whole.

Restriction on Use

This report is intended solely for the information and use of the governing body and management of Franklin Township, Commonwealth of Pennsylvania, and for filing with the Pennsylvania Department of Community and Economic Development and the Erie County Prothonotary and is not intended to be and should not be used by anyone other than these specified parties.

Buseck, Barger, Bleil & Co. Inc.

Certified Public Accountants
Erie, Pennsylvania

**2018 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

250425 FRANKLIN TWP, ERIE COUNTY

FRANKLIN TOWNSHIP, ERIE COUNTY
BALANCE SHEET
12/31/2018

	GOVERNMENTAL FUNDS					PROPRIETARY FUNDS			ACCOUNT GROUPS		TOTAL
	GENERAL FUND	SPECIAL REVENUE (INCLUDING STATE LIQUID FUNDS)	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG TERM DEBT	MEMORANDUM ONLY	
ASSETS AND OTHER DEBITS											
100-120 CASH & INVESTMENTS	661,985	128,957	247,253								1,038,195
140-144 TAX RECEIVABLE											-
121-129, 145-149 ACCOUNTS RECEIVABLE											-
130-000 DUE FROM OTHER FUNDS											-
131-139, 150-159 OTHER CURRENT ASSETS											-
160-169 FIXED ASSETS							969,070				969,070
180-189 OTHER DEBITS											-
TOTAL ASSETS AND OTHER DEBITS	661,985	128,957	247,253				969,070				2,007,265

LIABILITIES AND OTHER CREDITS											
210-229 PAYROLL TAXES AND OTHER PAYROLL WITHHOLDINGS											-
200-209, 231-239 ALL OTHER CURRENT LIABILITIES	10,869										10,869
230-000 DUE TO OTHER FUNDS											-
260-269 LONG-TERM LIABILITIES											-
240-259 CURRENT PORTION OF LONG-TERM DEBT AND OTHER CREDITS											-
TOTAL ASSETS AND OTHER DEBITS	10,869										10,869

FUND AND ACCOUNT GROUP EQUITY											
281-284 CONTRIBUTED CAPITAL											-
290-000 INVESTMENT IN GENERAL FIXED ASSETS											-
270-289 FUND BALANCE/RE ON 12/31	651,116	128,957	247,253				969,070				1,996,396
291-299 OTHER EQUITY											-
TOTAL ASSETS AND OTHER DEBITS	651,116	128,957	247,253				969,070				2,007,265

FRANKLIN TOWNSHIP, ERIE COUNTY
STATEMENT OF REVENUES AND EXPENDITURES
12/31/2018

	GOVERNMENTAL FUNDS					PROPRIETARY FUNDS			FID. FUND	TOTAL
	GENERAL FUNDS	SPECIAL REVENUE (INCLUDING STATE LIQUID FUNDS)	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	MEMORANDUM ONLY		
REVENUES										
TAXES										
301-000 REAL ESTATE TAXES	92,505	37,951	142,828							273,284
305-000 OCCUPATION TAXES (LEVIED)										-
308-000 RESIDENCE TAXES (LEVIED)										-
309-000 REGIONAL ASSET DISTRICT SALES TAX										-
310-000 PER CAPITA TAXES										-
310-010 REAL ESTATE TRANSFER TAXES	8,151									8,151
310-020 EARNED INCOME TAXES/WAGE TAX	196,941									196,941
310-030 BUSINESS GROSS RECEIPTS TAXES										-
310-040 OCCUPATION TAXES (ACT 511)										-
310-050 LOCAL SERVICES TAX	4,494									4,494
310-060 AMUSEMENT/ADMISSION TAXES										-
310-070 MECHANICAL DEVICE TAX										-
310-090 OTHER:										-
OTHER:										-
TOTAL TAXES	302,091	37,951	142,828							482,870

LICENSES AND PERMITS	
320-322 ALL OTHER LICENSES & PERMITS	175
321-080 CABLE TV FRANCHISE FEES	8,968
TOTAL LICENSES AND PERMITS	9,143

FINES AND FORFEITS	
330-332 FINES AND FORFEITS	2,404
TOTAL FINES AND FORFEITS	2,404

	GOVERNMENTAL FUNDS						FID. FUND	TOTAL
	GENERAL FUND	SPECIAL REVENUE (INCLUDING STATE LIQUID)	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	INTERNAL SERVICE		
INTEREST, RENTS, & ROYALTIES								
341-000 INTEREST EARNINGS	12,033	3,819	5,195					21,047
342-000 RENTS AND ROYALTIES	500							500
TOTAL INTEREST, RENTS & ROYALTIES	12,533	3,819	5,195					21,547

FEDERAL	
351-003 HIGHWAYS AND STREETS	-
351-009 COMMUNITY DEVELOPMENT	-
351-000 ALL OTHER FEDERAL CAPITAL & OP.	-
352-001 NATIONAL FOREST	-
352-000 ALL OTHER FED SHARED REVENUE	-
353-000 FEDERAL PAYMENTS IN LIEU OF TAX	-
TOTAL FEDERAL	-

STATE	
354-003 HIGHWAYS AND STREETS	-
354-009 COMMUNITY DEVELOPMENT	-
354-015 RECYCLING / ACT 301	-
354-000 ALL OTHER FEDERAL CAPITAL & OP.	-
355-001 PUBLIC UTILITY REALTY TAX (PURTA)	501
355-002-355-003 MOTOR VEHICLE FUEL TAX (LIQUID FUELS TAX) AND STATE ROAD TURNBACK	138,096
355-004 ALCOHOLIC BEVERAGE LICENSES	200
355-005 GENERAL MUNICIPAL PENSION SYS.	
355-007 FOREIGN FIRE INSURANCE TAX DIST.	8,560
355-008 LOCAL SHARE ASSESS/GAMING	
355-009 MARCELLUS SHALE IMPACT FREE DIS	
355-000 ALL OTHER STATE SHARED REVENUE	
356-000 STATE PAYMENTS IN LIEU OF TAXES	
TOTAL STATE	138,096
TOTAL STATE	9,261
TOTAL STATE	147,357

REVENUES	GOVERNMENTAL FUNDS						FID. FUND	TOTAL
	GENERAL FUND	SPECIAL REVENUE (INCLUDING STATE LIQUID)	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	INTERNAL SERVICE		
UNCLASSIFIED OPERATING REVENUES								
383-000 SPECIAL ASSESSMENTS								
386-000 ESCHEATS (SALE OF PERSONAL PROP)		1,111						1,111
387-000 CONTR. & DONATIONS - PRIVATE								
388-000 FID. FUND PENSION CONTRIB.								
389-000 ALL OTHER UNCLASSIFIED OP REV.								
TOTAL UNCLASSIFIED OP REVENUES	-	1,111	-	-	-	-	-	1,111

OTHER FINANCING SOURCES	GOVERNMENTAL FUNDS						FID. FUND	TOTAL
	GENERAL FUND	SPECIAL REVENUE (INCLUDING STATE LIQUID)	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	INTERNAL SERVICE		
391-000 PROCEEDS OF GEN. FIXED ASSET DISP								
392-000 INTERFUND OPERATING TRANSFERS								
393-000 PROCEEDS OF GENERAL LTD								
394-000 PROCEEDS OF SHORT TERM DEBT								
395-000 REFUNDS OF PRIOR YEAR EXP.								
TOTAL OTHER FINANCING SOURCES	-	-	-	-	-	-	-	-
TOTAL REVENUES	441,952	183,977	148,023	-	-	-	-	770,952

EXPENDITURES

GENERAL GOVERNMENT	GOVERNMENTAL FUNDS						FID. FUND	TOTAL
	GENERAL FUND	SPECIAL REVENUE (INCLUDING STATE LIQUID)	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	INTERNAL SERVICE		
400-000 LEGISLATIVE (GOVERNING) BODY	19,068							19,068
401-000 EXECUTIVE (MANAGER OR MAYOR)								
402-000 AUDITING SERVICES/FINANCIAL	1,973							1,973
403-000 TAX COLLECTION	3,971							3,971
404-000 SOLICITOR/LEGAL SERVICES	11,378							11,378
405-000 SECRETARY/CLERK	1,885							1,885
406-000 OTHER GENERAL GOV'T ADMIN								
407-000 IT-NETWORKING SERVICES		466	228					694
408-000 ENGINEERING SERVICES	15,000	9,000						24,000
409-000 GENERAL GOV'T BUILDINGS & PLANT	11,216							11,216
TOTAL GENERAL GOVERNMENT	64,491	9,466	228	-	-	-	-	74,185

	GOVERNMENTAL FUNDS						PROPRIETARY FUNDS			FID. FUND	TOTAL
	GENERAL FUND	SPECIAL REVENUE (INCLUDING STATE LIQUID)	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	MEMORANDUM ONLY			
EXPENDITURES											
PUBLIC WORKS - HIGHWAYS AND STREETS											
430-000	125,379									125,379	
431-000											
432-000	1,550	9,941								11,491	
433-000											
434-000											
435-000											
436-000											
437-000	5,433	13,987								19,420	
438-000	84,798	96,582	118,004							299,384	
439-000	216,860	120,510	118,004							455,374	
TOTAL PUBLIC WORKS - HIGHWAYS & STREETS											

OTHER PUBLIC WORKS ENTERPRISES										
440-000										
441-000										
442-000										
443-000										
444-000										
445-000										
446-000										
447-000										
448-000										
449-000										
TOTAL OTHER PUBLIC WORKS ENTERPRISES										

EXPENDITURES	GOVERNMENTAL FUNDS						PROPRIETARY FUNDS			TOTAL
	GENERAL FUND	SPECIAL REVENUE (INCLUDING STATE LIQUID)	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	FID. FUND	MEMORANDUM ONLY	
CULTURE AND RECREATION										
451-000										-
	CULTURE - REC. ADMINISTRATION									
452-000										-
	PARTICIPANT RECREATION									
453-000										-
	SPECTATOR RECREATION									
454-000										-
	PARKS									
455-000										-
	SHADE TREES									
456-000										-
	LIBRARIES									
457-000										-
	CIVIL AND MILITARY CELEBRATIONS									
458-000										-
	SENIOR CITIZENS' CENTERS									
459-000										-
	ALL OTHER CULTURE AND RECREATION									
		-								-
	TOTAL CULTURE AND RECREATION									

COMMUNITY DEVELOPMENT										
461-000										-
	CONSERVATION OF NATURAL RESOURCES									
462-000										-
	COMMUNITY DEVELOPMENT & HOUSING									
463-000										-
	ECONOMIC DEVELOPMENT									
464-000										-
	ECONOMIC OPPORTUNITY									
465-469										-
	ALL OTHER COMMUNITY DEVELOPMENT									
		-								-
	TOTAL COMMUNITY DEVELOPMENT									

DEBT SERVICE										
471-000										-
	DEBT PRINCIPAL (SHORT & LONG TERM)									
472-000										-
	DEBT INTEREST (SHORT & LONG TERM)									
475-000										-
	FISCAL AGENT FEES									
		-								-
	TOTAL COMMUNITY DEVELOPMENT									

EXPENDITURES

	GOVERNMENTAL FUNDS						FID. FUND	TOTAL
	GENERAL FUND	SPECIAL REVENUE (INCLUDING STATE LIQUID)	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	INTERNAL SERVICE		
EMPLOYER PAID BENEFITS & WITHHOLDING								
481-000 EMPLOYER PAID W/H TAXES & UNEMP COMP	23,530							23,530
482-000 JUDGEMENTS AND LOSSES								-
483-000 PENSION/RETIREMENT FUND CONTRIB.								-
484-000 WORKER COMPENSATION INSURANCE	6,875							6,875
487-000 OTHER GROUP INSURANCE BENEFITS	13,118							13,118
TOTAL EMPLOYER PAID BENEFITS & WITHHOLDING	43,523	-	-	-	-	-	-	43,523

INSURANCE	
484-000 INSURANCE, CASUALTY, AND SURETY	
TOTAL INSURANCE	-

UNCLASSIFIED OPERATING EXPENDITURES	
488-000 FID. FUND BENEFITS/REFUNDS PAID	
489-000 ALL OTHER UNCLASSIFIED EXPENSES	
TOTAL UNCLASSIFIED OPER. EXPENDITURES	-

OTHER FINANCING USES	
491-000 REFUND OF PRIOR YEAR REVENUES	
492-000 INTERFUND OPERATING TRANSFERS	
493-000 ALL OTHER FINANCING USES	81
TOTAL UNCLASSIFIED OPER. EXPENDITURES	81
TOTAL EXPENDITURES	354,545
	154,976
	131,969
	-
	641,490

EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	87,407	26,001	16,054	-	-	-	129,462
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FRANKLIN TOWNSHIP, ERIE COUNTY
DECEMBER 31, 2018

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Capital Lease (C), Lease Rental (L), Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred this Year	Principal Paid this Year	Current Year Accretion on Compound Int. Bond	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
GENERAL OBLIGATION BONDS AND NOTES											
REVENUE BONDS AND NOTES											
LEASE RENTAL DEBT											
OTHER											

(1) excludes unamortized premium/discount

Total bonds and notes outstanding

Capitalized lease obligations

Net debt

\$ -

FRANKLIN TOWNSHIP, ERIE COUNTY
STATEMENT OF CAPITAL EXPENDITURES
DECEMBER 31, 2018

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government			
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police			
Recreation			
Sewer			
Solid Waste			
Streets/Highways			
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES			

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

124,927