

FRANKLIN TOWNSHIP

Annual Audit & Financial Statements

For the Year Ended December 31, 2019





Buseck · Barger · Bleil & Co. Inc.

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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, 2019, 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, 2019, 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, 2019, 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

February 14, 2020

**2019 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

250425 FRANKLIN TWP, ERIE COUNTY

FRANKLIN TOWNSHIP, ERIE COUNTY
BALANCE SHEET
12/31/2019

	GOVERNMENTAL FUNDS					PROPRIETARY FUNDS			ACCOUNT GROUPS		TOTAL
	GENERAL FUND	SPECIAL REVENUE (INCLUDING STATE LIQUID FUELS)	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	FID. FUND	GENERAL FIXED ASSETS	GENERAL LONG TERM DEBT	
ASSETS AND OTHER DEBITS											
100-120 CASH & INVESTMENTS	731,453	172,181	363,507								1,267,141
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	731,453	172,181	363,507	-	-	-	-	969,070	-	-	2,236,211

LIABILITIES AND OTHER CREDITS											
210-229 PAYROLL TAXES AND OTHER PAYROLL WITHHOLDINGS											-
200-209, 231-239 ALL OTHER CURRENT LIABILITIES	12,517										12,517
230-000 DUE TO OTHER FUNDS											-
260-269 LONG-TERM LIABILITIES											-
240-259 CURRENT PORTION OF LONG-TERM DEBT AND OTHER CREDITS											-
TOTAL LIABILITIES AND OTHER CREDITS	12,517	-	-	-	-	-	-	-	-	-	12,517

FUND AND ACCOUNT GROUP EQUITY											
281-284 CONTRIBUTED CAPITAL											-
290-000 INVESTMENT IN GENERAL FIXED ASSETS								969,070			969,070
270-289 FUND BALANCE/RE ON 12/31	718,936	172,181	363,507	-	-	-	-	-	-	-	1,254,624
291-299 OTHER EQUITY											-
TOTAL FUND AND ACCOUNT GROUP EQUITY	718,936	172,181	363,507	-	-	-	-	969,070	-	-	2,223,694

TOTAL LIABILITIES AND FUND AND ACCOUNT EQUITY											2,236,211
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FRANKLIN TOWNSHIP, ERIE COUNTY
STATEMENT OF REVENUES AND EXPENDITURES
12/31/2019

	GOVERNMENTAL FUNDS				PROPRIETARY FUNDS			FID. FUND	TOTAL
	GENERAL FUND	SPECIAL REVENUE (INCLUDING STATE LIQUID FUELS)	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY		
REVENUES									
TAXES									
301-000	89,837	38,519	145,693						274,049
305-000									-
308-000									-
309-000									-
310-000									-
310-010	26,552								26,552
310-020	211,258								211,258
310-030									-
310-040									-
310-050	6,230								6,230
310-060									-
310-070									-
310-090									-
									-
									-
	333,877	38,519	145,693	-	-	-	-	-	518,089
TOTAL TAXES									

LICENSES AND PERMITS									
320-322	300								300
321-080	9,273								9,273
	9,573	-	-	-	-	-	-	-	9,573
TOTAL LICENSES AND PERMITS									

FINES AND FORFEITS									
330-332	2,637								2,637
	2,637	-	-	-	-	-	-	-	2,637
TOTAL FINES AND FORFEITS									

	REVENUES		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		
INTEREST, RENTS, & ROYALTIES										
341-000	15,212	4,918	7,101						27,231	
342-000									-	
TOTAL INTEREST, RENTS & ROYALTIES	15,212	4,918	7,101	-	-	-	-	-	27,231	

FEDERAL										
351-003										-
351-009										-
351-000										-
352-001										-
352-000										-
353-000										-
TOTAL FEDERAL	-	-	-	-	-	-	-	-	-	-

STATE										
354-003										-
354-009										-
354-015										-
354-000										-
355-001	451									451
355-002-35503		139,857							139,857	
355-004	200								200	
355-005										-
355-007	9,502								9,502	
355-008										-
355-009										-
355-000										-
356-000										-
TOTAL STATE	10,153	139,857	-	-	-	-	-	-	150,010	

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

OTHER FINANCING SOURCES									
391-000									-
	PROCEEDS OF GEN. FIXED ASSET DISP								-
392-000									11,664
	INTERFUND OPERATING TRANSFERS	11,664							11,664
393-000									-
	PROCEEDS OF GENERAL LTD								-
394-000									-
	PROCEEDS OF SHORT TERM DEBT								-
395-000									10,585
	REFUNDS OF PRIOR YEAR EXP.	10,585							10,585
	TOTAL OTHER FINANCING SOURCES	22,249	-	-	-	-	-	-	22,249

TOTAL REVENUES	474,315	183,294	152,794	-	-	-	-	-	810,403
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EXPENDITURES

GENERAL GOVERNMENT									
400-000									23,354
	LEGISLATIVE (GOVERNING) BODY	23,354							23,354
401-000									-
	EXECUTIVE (MANAGER OR MAYOR)								-
402-000									2,000
	AUDITING SERVICES/FINANCIAL	2,000							2,000
403-000									4,417
	TAX COLLECTION	4,417							4,417
404-000									10,995
	SOLICITOR/LEGAL SERVICES	10,995							10,995
405-000									1,690
	SECRETARY/CLERK	1,690							1,690
406-000									-
	OTHER GENERAL GOV'T ADMIN								-
407-000									-
	IT-NETWORKING SERVICES								-
408-000									6,000
	ENGINEERING SERVICES	3,500	2,500						6,000
409-000									12,007
	GENERAL GOV'T BUILDINGS & PLANT	12,007							12,007
	TOTAL GENERAL GOVERNMENT	57,963	2,500	-	-	-	-	-	60,463

		GOVERNMENTAL FUNDS						PROPRIETARY FUNDS			TOTAL
		GENERAL FUND	SPECIAL REVENUE (INCLUDING STATE LIQUID)	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	INTERNAL SERVICE	FID. FUND	TRUST AND AGENCY	MEMORANDUM ONLY	
EXPENDITURES											
EMPLOYER PAID BENEFITS & WITHHOLDING											
481-000	EMPLOYER PAID W/H TAXES & UNEMP COMP	18,356								18,356	
482-000	JUDGEMENTS AND LOSSES									-	
483-000	PENSION/RETIREMENT FUND CONTRIB.									-	
484-000	WORKER COMPENSATION INSURANCE	5,640								5,640	
487-000	OTHER GROUP INSURANCE BENEFITS	11,180								11,180	
	TOTAL EMPLOYER PAID BENE. & WITHHOLDING	35,176	-	-	-	-	-	-	-	35,176	

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 OP. EXPENDITURES	-	-	-	-	-	-	-	-	-

OTHER FINANCING USES										
491-000	REFUND OF PRIOR YEAR REVENUES									-
492-000	INTERFUND OPERATING TRANSFERS		9,123	2,541						11,664
493-000	ALL OTHER FINANCING USES									-
	TOTAL OTHER FINANCING USES	-	9,123	2,541	-	-	-	-	-	11,664

TOTAL EXPENDITURES		406,493	140,071	36,541	-	-	-	-	-	583,105
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES		67,822	43,223	116,253	-	-	-	-	-	227,298
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FRANKLIN TOWNSHIP, ERIE COUNTY
DECEMBER 31, 2019

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, 2019

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)

173,854