



Mary Taylor, CPA  
Auditor of State



FRANKLIN TOWNSHIP  
PORTAGE COUNTY

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Mary Taylor, CPA  
Auditor of State

Franklin Township  
Portage County  
218 Gougler Avenue  
Kent, Ohio 44240

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

May 4, 2007

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Franklin Township  
Portage County  
218 Gougler Avenue  
Kent, Ohio 44240

To the Board of Trustees:

We have audited the accompanying financial statements of Franklin Township, Portage County, (the Township) as of and for the years ended December 31, 2005 and 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Franklin Township, Portage County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2007, 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 grant agreements and other matters. While we did 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*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

May 4, 2007



FRANKLIN TOWNSHIP  
PORTAGE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$158,754	\$755,403	\$0	\$0	\$914,157
Intergovernmental	156,899	167,389			324,288
Licenses, Permits, and Fees	57,937	608			58,545
Fines, Forfeitures, and Penalties		7,283			7,283
Earnings on Investments	12,426	2,179			14,605
Other Revenue	<u>14,377</u>	<u>15,139</u>			<u>29,516</u>
Total Cash Receipts	<u>400,393</u>	<u>948,001</u>	<u>0</u>	<u>0</u>	<u>1,348,394</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	151,520	4,524			156,044
Public Safety	41,186	386,089			427,275
Public Works	65,697	474,089		8,796	548,582
Health	51,846				51,846
Conservation - Recreation	51,123				51,123
Debt Service:					
Redemption of Principal			20,000		20,000
Capital Outlay		<u>11,165</u>			<u>11,165</u>
Total Cash Disbursements	<u>361,372</u>	<u>875,867</u>	<u>20,000</u>	<u>8,796</u>	<u>1,266,035</u>
Total Receipts Over/(Under) Disbursements	<u>39,021</u>	<u>72,134</u>	<u>(20,000)</u>	<u>(8,796)</u>	<u>82,359</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Fixed Assets	30,600				30,600
Transfers-In		14,549	20,000		34,549
Transfers-Out	<u>(34,549)</u>				<u>(34,549)</u>
Total Other Financing Receipts/(Disbursements)	<u>(3,949)</u>	<u>14,549</u>	<u>20,000</u>	<u>0</u>	<u>30,600</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	35,072	86,683	0	(8,796)	112,959
Fund Cash Balances, January 1	<u>214,635</u>	<u>719,674</u>		<u>13,510</u>	<u>947,819</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$249,707</b></u>	<u><b>\$806,357</b></u>	<u><b>\$0</b></u>	<u><b>\$4,714</b></u>	<u><b>\$1,060,778</b></u>
Reserve for Encumbrances, December 31	<u>\$58,452</u>	<u>\$256,938</u>	<u>\$0</u>	<u>\$0</u>	<u>\$315,390</u>

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

FRANKLIN TOWNSHIP  
PORTAGE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Local Taxes	\$161,943	\$901,032	\$0	\$0	\$1,062,975
Intergovernmental	370,067	205,980		315,640	891,687
Licenses, Permits, and Fees	52,484	5,813			58,297
Earnings on Investments	9,523	1,011			10,534
Other Revenue	15,829	49,061			64,890
<b>Total Cash Receipts</b>	<b>609,846</b>	<b>1,162,897</b>	<b>0</b>	<b>315,640</b>	<b>2,088,383</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	154,833	5,239			160,072
Public Safety	51,519	775,403			826,922
Public Works	114,397	539,305		499,777	1,153,479
Health	49,990				49,990
Conservation - Recreation	10,158				10,158
Miscellaneous		46,497			46,497
Debt Service:					
Redemption of Principal			10,000		10,000
Capital Outlay		6,850			6,850
<b>Total Cash Disbursements</b>	<b>380,897</b>	<b>1,373,294</b>	<b>10,000</b>	<b>499,777</b>	<b>2,263,968</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>228,949</b>	<b>(210,397)</b>	<b>(10,000)</b>	<b>(184,137)</b>	<b>(175,585)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Bonds				200,000	200,000
Transfers-In	516	21,417	10,000	300,000	331,933
Transfers-Out	(310,000)	(21,933)			(331,933)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(309,484)</b>	<b>(516)</b>	<b>10,000</b>	<b>500,000</b>	<b>200,000</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(80,535)	(210,913)	0	315,863	24,415
Fund Cash Balances, January 1 - (Restatement - See Note 2)	295,170	930,587	0	(302,353)	923,404
<b>Fund Cash Balances, December 31</b>	<b>\$214,635</b>	<b>\$719,674</b>	<b>\$0</b>	<b>\$13,510</b>	<b>\$947,819</b>
Reserve for Encumbrances, December 31	\$84,909				\$84,909

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

**FRANKLIN TOWNSHIP  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Franklin Township, Portage County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general services. The Township contracts with the Kent City to provide fire services and Emergency Medical Services to the residents of Franklin Township.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposit at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Fire Levy Fund - This fund receives property tax money for contracting with the City of Kent for fire protection services.

**FRANKLIN TOWNSHIP  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Debt Service Funds**

This fund accounts for resources the Township accumulates to pay bond debt. The Township had the following significant Debt Service Fund:

*General Bond Retirement* - This fund receives property tax money for the retirement of the Townships general obligation debt.

**4. Capital Project Funds**

This fund accounts for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant capital projects fund:

*Ohio Public Works Commission Project Fund* - The Township received a grant from the State of Ohio to repair and construct Rhodes Road and Horning Roads, respectively.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 4.

**FRANKLIN TOWNSHIP  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. PRIOR PERIOD RESTATEMENT**

During calendar 2003, the township placed disbursements on the books that were not actually disbursed until calendar 2004, after year end. A prior period restatement is required to increase fund balances by the amount of the disbursements reflected during calendar 2003 that were not disbursed until calendar year 2004. After adjustment the actual fund balances for the General Fund and Combined Special Revenue Funds are as follows on January 1, 2004:

	<b>General Fund</b>	<b>Special Revenue Fund</b>
Fund Cash Balances, December 31, 2003 (Before Adjustment)	\$ 293,865	\$ 926,601
Adjustments made by Township	1,305	3,986
Fund Cash Balances, January 1, 2004 (After adjustment)	\$ 295,170	\$ 930,587

**3. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2005</u>	<u>2004</u>
Demand deposits	\$460,778	\$147,819
Certificates of deposit	600,000	0
Money Market Account	0	800,000
Total deposits	<u>\$1,060,778</u>	<u>\$947,819</u>

**Deposits:** (1) Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

Certificates of Deposit are held by the Township.

**FRANKLIN TOWNSHIP  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$486,470	\$430,993	(\$55,477)
Special Revenue	1,647,400	962,550	(684,850)
Debt Service	20,000	20,000	0
Capital Projects	13,510	0	(13,510)
Total	\$2,167,380	\$1,413,543	(\$753,837)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$486,370	\$454,373	\$31,997
Special Revenue	1,581,779	1,132,805	448,974
Debt Service	20,000	20,000	0
Capital Projects	13,510	8,796	4,714
Total	\$2,101,659	\$1,615,974	\$485,685

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$776,407	\$610,362	(\$166,045)
Special Revenue	1,959,625	1,184,314	(775,311)
Debt Service	10,000	10,000	0
Capital Projects	863,286	815,640	(47,646)
Total	\$3,609,318	\$2,620,316	(\$989,002)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$763,100	\$775,806	(\$12,706)
Special Revenue	1,951,555	1,395,227	556,328
Debt Service	10,000	10,000	0
Capital Projects	863,286	499,777	363,509
Total	\$3,587,941	\$2,680,810	\$907,131

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Gasoline Tax Fund by \$5,585, FEMA Fund by \$15,578 and Miscellaneous Escrow Fund by \$46,497.

**FRANKLIN TOWNSHIP  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**6. DEBT**

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$170,000	0%
Total	\$170,000	

The Township entered into an agreement with the Ohio Public Works Commission to provide a grant and a bond issuance on behalf of the Township. The Bond Issuance was equal to \$200,000 with a zero percent (0 %) interest rate and a term of ten (10) years. This issuance was made to finance the Rhodes/Horning Road Bicycle Facility Project with the proceeds of tax exempt debt. This debt is backed by the full faith of the Township.

Amortization of the above debt is scheduled as follows:

	General Obligation Bonds
Year ending December 31:	
2006	\$10,000
2007	20,000
2008	20,000
2009	20,000
2010	20,000
2011 - 2014	80,000
Total	\$170,000

**7. RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**FRANKLIN TOWNSHIP  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**7. RETIREMENT SYSTEMS – (Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

**8. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Government 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

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. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 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.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 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, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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.



**FRANKLIN TOWNSHIP  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**8. RISK MANAGEMENT - (Continued)**

Members may withdraw on each anniversary of the date they joined OTARMA. They must 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 contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

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, 2005 and 2004:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	<u>(12,344,576)</u>	<u>(11,086,379)</u>
Retained earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	<u>(1,406,031)</u>	<u>(543,176)</u>
Retained earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment. The Township's share of these unpaid claims is approximately \$54,702.

**9. SUBSEQUENT EVENTS**

In 2006, Franklin Township and the City of Kent entered into a Joint Economic Development District (JEDD) agreement covering certain properties and businesses along State Route 59 in Franklin Township. The JEDD began collecting income tax from these businesses on January 1, 2007. The amount of revenue Franklin Township will receive from this income tax is currently unknown but has budgeted at \$53,730 for 2007.

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Franklin Township  
Portage County  
218 Gougler Avenue  
Kent, Ohio 44240

To the Board of Trustees:

We have audited the financial statements of Franklin Township (the Township) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated May 4, 2007, wherein we noted that the Township prepared its financial statements using accounting practices the Auditor of State established rather 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 the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated May 4, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2005-001. In a separate letter to the Township's management dated May 4, 2007, we reported other matters related to noncompliance we deemed immaterial.

Franklin Township  
Portage County  
Independent Accountants' Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
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We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

May 4, 2007

**FRANKLIN TOWNSHIP  
PORTAGE COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2005-001**

**Noncompliance Citation – Expenditures Exceeded Appropriations**

**Ohio Revised Code § 5705.41(B)** No subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided.

In calendar 2004 the following took place:

Fund Name	Appropriation Authority	Actual Budgetary Expenditures	Total Amount Expended Above Appropriation Authority
Gasoline Tax Fund	\$ 59,600	\$ 65,185	\$ (5,585)
FEMA Fund	6,355	21,933	(15,578)
Miscellaneous Escrow Fund	0	46,497	(46,497)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Gasoline Tax Fund by \$5,585, FEMA Fund by \$15,578 and Miscellaneous Escrow Fund by \$46,497.

We recommend the Trustees ensure the proper appropriations are in place prior to expending monies.

**FRANKLIN TOWNSHIP  
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2003-001	Negative fund balances and improper advances	Yes	
2003-002	Expenditures exceeded appropriations	No	Not corrected.
2003-003	Expenditure without Fiscal Officer Certification	No	Partially corrected moved to Management Letter



**Mary Taylor, CPA**  
Auditor of State

**FRANKLIN TOWNSHIP**

**PORTAGE 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  
JULY 10, 2007**