



**Auditor of State  
Betty Montgomery**



FRANKLIN TOWNSHIP  
SUMMIT COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Franklin Township  
Summit County  
5611 Manchester Road  
Akron, Ohio 44319

To the Board of Trustees:

We have audited the accompanying financial statements of Franklin Township, Summit County, Ohio, (the Township) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 the Township as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2003 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

August 27, 2003

FRANKLIN TOWNSHIP  
SUMMIT COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fiduciary Funds	
<b>Cash Receipts:</b>						
Local Taxes	\$128,347	\$2,254,613				\$2,382,960
Intergovernmental	752,978	542,217				1,295,195
Special Assessments			\$2,754			2,754
Charges for Services		83,212			\$54,479	137,691
Licenses, Permits, and Fees	47,445	21,314				68,759
Fines, Forfeitures, and Penalties	9,734	175				9,909
Earnings on Investments	18,321	2,521				20,842
Other Revenue	12,453	49,044			591	62,088
<b>Total Cash Receipts</b>	<b>969,278</b>	<b>2,953,096</b>	<b>2,754</b>	<b>\$0</b>	<b>55,070</b>	<b>3,980,198</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	683,054	26,750				709,804
Public Safety	72,472	2,499,878				2,572,350
Public Works	200,176	603,000				803,176
Health		9,601				9,601
Conservation - Recreation	2,015				34,207	36,222
Debt Service:						
Redemption of Principal	5,399					5,399
Capital Outlay	99		2,518			2,617
<b>Total Cash Disbursements</b>	<b>963,215</b>	<b>3,139,229</b>	<b>2,518</b>	<b>0</b>	<b>34,207</b>	<b>4,139,169</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>6,063</b>	<b>(186,133)</b>	<b>236</b>	<b>0</b>	<b>20,863</b>	<b>(158,971)</b>
<b>Other Financing Receipts and (Disbursements):</b>						
Transfers-In				300,000		300,000
Transfers-Out	(300,000)					(300,000)
Other Sources	54,787				16,000	70,787
Other Uses					(13,240)	(13,240)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(245,213)</b>	<b>0</b>	<b>0</b>	<b>300,000</b>	<b>2,760</b>	<b>57,547</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(239,150)</b>	<b>(186,133)</b>	<b>236</b>	<b>300,000</b>	<b>23,623</b>	<b>(101,424)</b>
<b>Fund Cash Balances, January 1</b>	<b>951,462</b>	<b>887,796</b>	<b>11,659</b>	<b>455,000</b>	<b>33,429</b>	<b>2,339,346</b>
<b>Fund Cash Balances, December 31</b>	<b><u>\$712,312</u></b>	<b><u>\$701,663</u></b>	<b><u>\$11,895</u></b>	<b><u>\$755,000</u></b>	<b><u>\$57,052</u></b>	<b><u>\$2,237,922</u></b>
<b>Reserve for Encumbrances, December 31</b>	<b><u>\$66,289</u></b>	<b><u>\$85,686</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$151,975</u></b>

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

**FRANKLIN TOWNSHIP  
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>						
Local Taxes	\$124,954	\$2,314,612				\$2,439,566
Intergovernmental	936,256	404,408				1,340,664
Special Assessments			\$2,687			2,687
Charges for Services		89,811			\$41,591	131,402
Licenses, Permits, and Fees	50,130	28,876				79,006
Fines, Forfeitures, and Penalties	14,202	6,675				20,877
Earnings on Investments	62,158	6,018				68,176
Other Revenue	1,131	2,991			7,562	11,684
<b>Total Cash Receipts</b>	<u>1,188,831</u>	<u>2,853,391</u>	<u>2,687</u>	<u>\$0</u>	<u>49,153</u>	<u>4,094,062</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	696,982	41,072				738,054
Public Safety	2,474	2,216,090				2,218,564
Public Works	292,706	711,674				1,004,380
Health		11,403				11,403
Conservation - Recreation	8,926				36,147	45,073
Debt Service:						
Redemption of Principal	10,798					10,798
Capital Outlay	92,830	25,947	2,522			121,299
<b>Total Cash Disbursements</b>	<u>1,104,716</u>	<u>3,006,186</u>	<u>2,522</u>	<u>0</u>	<u>36,147</u>	<u>4,149,571</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>84,115</u>	<u>(152,795)</u>	<u>165</u>	<u>0</u>	<u>13,006</u>	<u>(55,509)</u>
<b>Other Financing Receipts and (Disbursements):</b>						
Transfers-In		20,398				20,398
Advances-In		5,068				5,068
Transfers-Out	(20,398)					(20,398)
Advances-Out	(5,068)					(5,068)
Other Sources	115,591				13,240	128,831
Other Uses					(5,268)	(5,268)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>90,125</u>	<u>25,466</u>	<u>0</u>	<u>0</u>	<u>7,972</u>	<u>123,563</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>174,240</u>	<u>(127,329)</u>	<u>165</u>	<u>0</u>	<u>20,978</u>	<u>68,054</u>
<b>Fund Cash Balances, January 1</b>	<u>777,222</u>	<u>1,015,125</u>	<u>11,494</u>	<u>455,000</u>	<u>12,451</u>	<u>2,271,292</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$951,462</b></u>	<u><b>\$887,796</b></u>	<u><b>\$11,659</b></u>	<u><b>\$455,000</b></u>	<u><b>\$33,429</b></u>	<u><b>\$2,339,346</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$35,000</b></u>	<u><b>\$43,040</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$78,040</b></u>

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



**FRANKLIN TOWNSHIP  
SUMMIT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - INTERNAL SERVICE FUND  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	<u>2002</u>	<u>2001</u>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$862,225	\$538,419
<b>Operating Cash Disbursements:</b>		
Contractual Services	<u>806,435</u>	<u>460,920</u>
Operating Income	55,790	77,499
Fund Cash Balances, January 1	<u>77,826</u>	<u>327</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$133,616</u></b>	<b><u>\$77,826</u></b>

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

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**FRANKLIN TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Franklin Township, Summit County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, police and fire protection and emergency medical services.

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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in an overnight repurchase agreement is valued 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to 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:

*Police District Fund* - This fund receives local property tax money for the general operation of the police department.

**FRANKLIN TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Fire District Fund* - This fund receives local property tax money for the general operation of the fire department.

**3. Debt Service Funds**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

*Lighting Assessment Fund* - This fund receives local property tax money for the operation of street lights.

**4. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

*Administration Building Fund* - The Township transfers revenue to this fund for the construction of a new township administration building.

**5. Proprietary Fund (Internal Service Fund)**

The fund accounts for the financing of goods or services provided by one department to other departments of the Township on a cost reimbursement basis. The Township's only Internal Service Fund is the Self-Insurance Fund which receives charges for services from other funds to cover the cost of providing medical insurance to employees. The charges for services are paid in relation to the salaries paid from those funds.

**6. Fiduciary Funds (Trust and Agency Funds)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Funds:

*Franklin Park Civic Center Trust* – This expendable trust fund receives donations and rental fees for the usage of the Tudor House which used to pay its maintenance expenses.

*Insurance/Fire Losses Fund* – This agency fund receives escrow money from a resident's insurance company for fire damage and is held by the Township until the premise is satisfactorily repaired.

**FRANKLIN TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) 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 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**FRANKLIN TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

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

	2002	2001
Demand deposits	\$273,334	\$754,783
Repurchase agreement	2,098,204	1,662,389
Total deposits and investments	\$2,371,538	\$2,417,172

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**Investments:** The Township's agent holds securities collateralizing repurchase agreement. The securities are not in the Township's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,010,008	\$1,024,065	\$14,057
Special Revenue	3,202,385	2,953,096	(249,289)
Debt Service	2,700	2,754	54
Capital Projects	300,000	300,000	0
Internal Service	735,109	862,225	127,116
Fiduciary	42,000	71,070	29,070
Total	\$5,292,202	\$5,213,210	(\$78,992)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,002,947	\$1,329,504	\$673,443
Special Revenue	4,016,280	3,224,915	791,365
Debt Service	14,183	2,518	11,665
Capital Projects	755,000	0	755,000
Internal Service	812,935	806,435	6,500
Fiduciary	58,240	47,447	10,793
Total	\$7,659,585	\$5,410,819	\$2,248,766

**FRANKLIN TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,207,047	\$1,304,422	\$97,375
Special Revenue	3,157,410	2,878,857	(278,553)
Debt Service	2,600	2,687	87
Capital Projects	0	0	0
Internal Service	520,000	538,419	18,419
Fiduciary	38,000	62,393	24,393
Total	<u>\$4,925,057</u>	<u>\$4,786,778</u>	<u>(\$138,279)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,985,353	\$1,165,182	\$820,171
Special Revenue	4,118,518	3,049,226	1,069,292
Debt Service	13,683	2,522	11,161
Capital Projects	450,000	0	450,000
Internal Service	520,327	460,920	59,407
Fiduciary	50,451	41,415	9,036
Total	<u>\$7,138,332</u>	<u>\$4,719,265</u>	<u>\$2,419,067</u>

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the Township.

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.

**5. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**FRANKLIN TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**5. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. OPERS members who are policemen contributed 11.2% of their gross salaries and the Township contributed an amount equal to 16.7%. Other OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

**6. RISK MANAGEMENT**

The Township belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2002 and 2001 generally protect against individual losses exceeding \$150,000 for policies issued prior to April 1, 2000; \$100,000 for policies issued between April 1, 2000 and March 31, 2002; and \$125,000 for policies issued April 1, 2002 or later.

Property coverage contracts protect against losses, subject to a deductible of \$50,000, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool cedes reinsurance to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer become unable to meet its obligations under the reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2002 and 2001:

	<u>2002</u>	<u>2001</u>
Assets	\$1,852,060	\$3,354,251
Liabilities	<u>(3,627,321)</u>	<u>(4,851,866)</u>
Retained deficit	<u>(\$1,775,261)</u>	<u>(\$1,497,615)</u>

The Township is also self insured for employee health insurance. Claims allowability and payment is handled by a third-party administrator (TPA). The Self-Insurance fund collects money from other funds in relation to the salaries paid from those other funds and based on historical claims data, and remits those monies to the TPA to pay the actual claims.



**FRANKLIN TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**7. CONTINGENT LIABILITIES**

The Township is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Franklin Township  
Summit County  
5611 Manchester Road  
Akron, Ohio 44319

To the Board of Trustees:

We have audited the accompanying financial statements of Franklin Township, Summit County, Ohio, (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 27, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2002-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 27, 2003.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 a material weakness.

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However, we noted other matters involving internal control over financial reporting that do not require inclusion in the report, that we have reported to management of the Township in a separate letter dated August 27, 2003.

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

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

**Betty Montgomery**  
Auditor of State

August 27, 2003

**FRANKLIN TOWNSHIP  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

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

**Noncompliance Citation**

**FINDING NUMBER 2002-001**

**Finding for Recovery Repaid Under Audit**

**Ohio Rev. Code Section 505.24** provides, in part, that effective January 1, 2002 the compensation for a Township Trustee having a Township budget of more than \$6 million but not more than \$10 million shall not exceed \$70 a day for not more than 200 days. However, Article II section 20 of the Ohio Constitution states in part that the general assembly shall fix the term of office and the compensation of all officers; but no changes shall affect the salary of any officer during his existing term. During the test of 2002 Trustee compensation, it was noted that Trustee Adamson was paid at the \$70/day, or \$14,000 annual (\$70 x 200) rate effective January 1, 2002. Since his term started January 1, 2000, his compensation rate should not exceed the rate of \$58.53/day, or \$11,706 annually (\$58.53 x 200), which was the rate in effect when he took office. The difference in rates resulted in excess compensation of \$2,294 (200 days x \$11.47) for 2002.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued jointly and severally against Trustee Paul Adamson and the Ohio Township Association Risk Management Authority in the amount of \$2,294 and in favor of Franklin Township's General Fund.

The finding for recovery was repaid to the Township on November 13, 2003.





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**FRANKLIN TOWNSHIP**

**SUMMIT 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  
JANUARY 6, 2004**