

***MARLBORO TOWNSHIP
STARK COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



**Auditor of State
Betty Montgomery**

Board of Township Trustees
Marlboro Township
7344 Edison Street
Hartville, Ohio 44632

We have reviewed the *Report of Independent Accountants* of Marlboro Township, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Marlboro Township is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 8, 2006

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**MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2005 and 2004**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

Members of Board of Trustees
Marlboro Township
7344 Edison Street, NE
Hartville, Ohio 44632

We have audited the accompanying financial statements of Marlboro Township, Stark County, (the Township), as of and for the years ended December 31, 2005 and 2004, as listed in the table of contents. 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 a basis of accounting prescribed or permitted by the Auditor of State. 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 accounting principles generally accepted in the United States of America, 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 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 of the Township, as of December 31, 2005 and 2004, and the combined receipts, disbursements, and changes in fund cash balances for the years then ended in conformity with the basis of accounting described in Note 1.

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 a report dated July 18, 2006 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Charles E. Harris & Associates, Inc.

July 18, 2006

MARLBORO TOWNSHIP
 STARK COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
 IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Governmental Fund Types				Fiduciary Fund Types	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Non- Expendable Trust	
<u>Cash Receipts:</u>						
Local Taxes	\$ 40,550	\$ 650,745	-	-	-	691,295
Intergovernmental	163,227	176,575	-	-	-	339,802
Licenses, Permits, and Fees	5,844	-	-	-	-	5,844
Fines and Forfeitures	4,707	590	-	-	-	5,297
Special Assessments	-	5,575	-	-	-	5,575
Earnings on Investments	10,761	1,124	-	-	\$ 1,255	13,140
Other	15,745	29,070	-	-	-	44,815
Total Cash Receipts	240,834	863,679	-	-	1,255	1,105,768
<u>Cash Disbursements:</u>						
Current:						
General Government	167,584	-	-	-	-	167,584
Public Safety	750	401,886	-	-	-	402,636
Public Works	-	327,201	-	-	-	327,201
Health	19,905	-	-	-	-	19,905
Miscellaneous	-	-	-	-	840	840
Capital Outlay	-	9,561	-	\$ 44,393	-	53,954
Total Cash Disbursements	188,239	738,648	-	44,393	840	972,120
Total Receipts Over/(Under) Disbursements	52,595	125,031	-	(44,393)	415	133,648
Beginning Fund Balance 1/1/05	126,493	351,744	\$ 2,602	152,702	73,086	706,627
Ending Fund Balance 12/31/05	\$ 179,088	\$ 476,775	\$ 2,602	\$ 108,309	\$ 73,501	\$ 840,275

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

MARLBORO TOWNSHIP
STARK COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types				Fiduciary Fund Types	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Non Expendable Trust	
<u>Cash Receipts:</u>						
Local Taxes	\$ 39,277	\$ 626,778	\$ 39,437	-	-	705,492
Intergovernmental	94,502	170,177	4,891	-	-	269,570
Licenses, Permits, and Fees	8,175	-	-	-	-	8,175
Fines and Forfeitures	7,608	660	-	-	-	8,268
Special Assessments	-	6,003	-	-	-	6,003
Earnings on Investments	2,792	423	-	-	\$ 355	3,570
Other	13,679	4,520	-	-	-	18,199
Total Cash Receipts	166,033	808,561	44,328	-	355	1,019,277
<u>Cash Disbursements:</u>						
Current:						
General Government	176,443	-	-	-	-	176,443
Public Safety	725	396,702	-	-	-	397,427
Public Works	-	280,757	-	-	-	280,757
Health	19,103	-	-	-	-	19,103
Miscellaneous	-	-	-	-	880	880
Capital Outlay	-	78,958	-	-	-	78,958
Debt Service:						
Redemption of Principal	-	-	54,715	-	-	54,715
Interest and Fiscal Charges	-	-	2,511	-	-	2,511
Total Cash Disbursements	196,271	756,417	57,226	-	880	1,010,794
Total Receipts Over/(Under) Disbursements	(30,238)	52,144	(12,898)	-	(525)	8,483
<u>Other Financing Sources/(Uses):</u>						
Transfers In	-	-	-	\$ 30,000	-	30,000
Transfers Out	(10,000)	(20,000)	-	-	-	(30,000)
Total Other Financing Sources/(Uses)	(10,000)	(20,000)	-	30,000	-	-
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(40,238)	32,144	(12,898)	30,000	(525)	8,483
Beginning Fund Balance 1/1/04	166,731	319,600	15,500	122,702	73,611	698,144
Ending Fund Balance 12/31/04	\$ 126,493	\$ 351,744	\$ 2,602	\$ 152,702	\$ 73,086	\$ 706,627

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

MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Marlboro Township, Stark County (the Township) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, zoning, cemetery maintenance, and police protection. The Township contracts with the Marlboro Volunteer Fire Department to provide fire and emergency medical services.

The Township's management believes the financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

The Township is associated with certain organizations, which are defined as Jointly Governed Organizations under Governmental Accounting Standards Board (GASB) Statement No. 14, *Reporting Entity*. These organizations are presented in Notes 8 and 9.

B. BASIS OF ACCOUNTING

The Township prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis 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.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH AND INVESTMENTS

The Township maintains a general checking account and an overnight repurchase agreement. Repurchase agreements are valued at cost.

Investments are included in the fund cash balances. Accordingly, purchases of investments are not reported 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.

MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (continued)

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of “Fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities, reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

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

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

- *Road and Bridge Fund* – This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.
- *Gasoline Tax Fund* – This fund receives gasoline tax money to pay for construction, maintaining and repairing Township roads.
- *Police District Levy Fund* – This fund receives proceeds from a special tax levy to fund the Township’s police department.
- *Fire District Levy Fund* – This fund receives proceeds from a special tax levy to fund the Township’s fire contract with Marlboro Volunteer Fire Department.
- *Road District levy Fund* – This fund receives proceeds from a special tax levy to fund road construction and maintenance.

Debt Service Fund: This fund is used to accumulate resources for the payment of bonds and notes indebtedness. The Township has the following Debt Service Fund.

- *General Bond Retirement Fund* – This fund accounts for the debt requirements associated with construction of the Township Hall. Construction was completed during 1999.

MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

D. FUND ACCOUNTING – (continued)

Governmental Fund Types: - (continued)

Capital Project Funds: These funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities. The Township has the following significant Capital Projects Funds:

- *Land Acquisition Fund* – This is a reserve fund for the future acquisition of land by the Township.
- *Road Backhoe and Truck Fund* – This is a reserve fund for the future purchase of a backhoe and a truck for the Township.
- *Police Vehicles Fund* – This is a reserve fund for the future purchase of police vehicles for the Township.

Fiduciary Fund (Trust Fund) Types:

Fiduciary Fund (Trust Fund): This fund is used to account for resources restricted by legally binding trust agreements or funds for which the Township is acting in an agency capacity. The Township has the following Non-Expendable Trust Fund:

- *Taylor Trust Fund* – This non-expendable trust fund was established to maintain the activity of the Taylor Trust Fund. This fund was established in 1875 to provide relief to needy Township residents at Christmas.

E. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus encumbered cash as of January 1. The County Budget Commission must also approve the annual appropriation measure.

**MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

F. BUDGETARY PROCESS – (continued)

3. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.

4. 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 3.

G. PROPERTY, PLANT AND EQUIPMENT

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

H. 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.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	2005	2004
Demand Deposits	\$ 49,275	\$ 60,627
Repurchase Agreement	791,000	646,000
Total Deposits	\$ 840,275	\$ 706,627

**MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS – (continued)

Deposits:

The bank balances are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

Investments:

The repurchase agreement is an overnight sweep account reported at cost. The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2005 follows:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 120,705	\$ 240,834	\$ 120,129
Special Revenue	785,749	863,679	77,930
Debt Service	-	-	-
Capital Projects	20,000	-	(20,000)
Non-Expendable Trust	200	1,255	1,055
Total	<u>\$ 926,654</u>	<u>\$ 1,105,768</u>	<u>\$ 179,114</u>

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$ 259,000	\$ 188,239	\$ 70,761
Special Revenue	1,098,118	738,648	359,470
Debt Service	2,602	-	2,602
Capital Projects	152,792	44,393	108,399
Non-Expendable Trust	73,000	840	72,160
Total	<u>\$ 1,585,512</u>	<u>\$ 972,120</u>	<u>\$ 613,392</u>

MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

3. BUDGETARY ACTIVITY – (continued)

Budgetary activity for the year ended December 31, 2004 follows:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 129,262	\$ 166,033	\$ 36,771
Special Revenue	767,755	808,561	40,806
Debt Service	38,317	44,328	6,011
Capital Projects	35,000	30,000	(5,000)
Non-Expendable Trust	500	355	(145)
	<u>500</u>	<u>355</u>	<u>(145)</u>
 Total	 <u>\$ 970,834</u>	 <u>\$ 1,049,277</u>	 <u>\$ 78,443</u>

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$ 291,682	\$ 206,271	\$ 85,411
Special Revenue	1,065,644	776,417	289,227
Debt Service	53,816	57,226	(3,410)
Capital Projects	147,792	-	147,792
Non-Expendable Trust	73,910	880	73,030
	<u>73,910</u>	<u>880</u>	<u>73,030</u>
 Total	 <u>\$ 1,632,844</u>	 <u>\$ 1,040,794</u>	 <u>\$ 592,050</u>

4. DEBT

The Township issued the Township Building Note to finance the cost of constructing, furnishing, equipping and improving a Township building and its site. Construction was completed during 1999. Township residents approved a tax levy on November 4, 1997, to pay for the principal and interest of this note.

	<u>Balance 12/31/2004</u>	<u>Retired</u>	<u>Balance 12/31/2005</u>
1998 Township Building Note at 4.59% interest	\$ 54,715	\$ (54,715)	\$ -
	<u>54,715</u>	<u>(54,715)</u>	<u>-</u>

MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

5. PROPERTY TAX

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as Intergovernmental Receipts.

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

The property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax.

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

6. DEFINED BENEFIT PENSION PLAN

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing multiple-employer defined benefit pension plan. The plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees. For local government employer units, the rate was 13.55% of covered payroll. The Township has paid all contributions required through December 31, 2005 and 2004.

MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004

7. RISK MANAGEMENT

The Township is exposed to various risks of loss related torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. During the years 2005 and 2004, the Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Township also provides health insurance, dental and vision coverage to full-time employees through a private carrier.

8. STARK COUNCIL OF GOVERNMENTS

The Stark Council of Governments (SCOG) is a jointly governed organization. SCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. Currently, SCOG's functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. SCOG is governed by its membership, including Stark County, and other cities, villages and townships. The membership elects a nine member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel and performs accounting and finance related activities. Continued existence of SCOG is not dependent on the Township's continued participation nor does the Township have an equity interest in SCOG. SCOG is not accumulating significant financial resources or experiencing fiscal stress that would cause additional financial benefit or burden to the Township. Complete financial statements may be obtained from the Stark Council of Governments, P.O. Box 21451, Canton, Ohio, 44701-1451.

9. STARK COUNTY REGIONAL PLANNING COMMISSION

The Township participates in the Stark County Regional Planning Commission (the Commission), which is a statutorily created political subdivision of the State. The Commission is jointly governed among Stark County and other cities, villages, and townships. The principle aim of the Commission is to provide comprehensive planning, both long-term and short-term, dealing with the economic and physical environment of Stark County. The Board exercises total authority over the day-to-day operation of the Commission. These include budgeting, appropriating, contracting, and designating management. The Township has no financial responsibility for any of the Commission's liabilities. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

**MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

10. TRANSFERS

The transfers-out of \$10,000 from the General Fund and \$20,000 from the Special Revenue Fund – Road and Bridge Fund, during 2004 were made to increase reserves for future acquisitions of land and road equipment in compliance with all Ohio Revised Code requirements.

11. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

The Board of Trustees
Marlboro Township
7344 Edison Street, NE
Hartville, Ohio 44632

We have audited the financial statements of Marlboro Township, Stark County, Ohio, (the Township) as and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 18, 2006, wherein we noted the Township follows accounting practices the Auditor of State prescribes 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 Controls 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 an opinion 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 18, 2006.

Compliance and Other Matters

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, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted other immaterial instances of noncompliance that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 18, 2006.

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

Charles E. Harris & Associates, Inc.

July 18, 2006

**MARLBORO TOWNSHIP
STARK COUNTY**

For the Years Ended December 31, 2005 and 2004

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2003-01	Three different receipt books were being used, at the same time, for collecting zoning fees at various locations. The receipts were posted to the Township records in non-sequential order.	Yes	Corrective action was taken. Only one receipt book is being used and all collections are made to the Administrative Assistant at the Township office.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

MARLBORO TOWNSHIP

STARK 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
SEPTEMBER 21, 2006**