

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Franklin Township, Erie County, Pennsylvania

We have audited the accompanying financial statements of the general fund, special revenue funds, capital projects funds, debt service funds, enterprise funds, internal service funds, trust and agency funds, and the general fixed assets and general long term debt account groups, included in the Department of Community and Economic Development's (DCED) prescribed form, of Franklin Township, Erie County, Pennsylvania, as of and for the year ended December 31, 2007, which collectively comprise the financial statements as shown in the DCED prescribed form. 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 the 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 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.

The Township prepared these financial statements included in the DCED prescribed form using the cash basis of accounting which is permitted by the Pennsylvania Department of Community and Economic Development, Governor's Center for Local Government Services, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the significant differences 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 incurred. Only related organizations' receivables are recognized as assets while no fixed assets nor infrastructure assets are capitalized and depreciated; and, payroll taxes payable and non-capital related loans payable to third parties are recognized as liabilities while other long-term obligations, such as compensated absences, are not recognized.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, 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, 2007, or changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective assets, liabilities and fund balances of the general fund, special revenue funds, capital projects funds debt service funds, enterprise funds, internal service funds, trust and agency funds, and the general fixed assets and general long term debt account groups of the Township as of December 31, 2007, and its revenues and expenditures for the year then ended, on the basis of accounting described in the third paragraph above.

This report is intended solely for the information and use of the governing body and management of Franklin Township, Erie County, 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.

Monahan & Monahan
Certified Public Accountants

January 15, 2008

FRANKLIN TWP, ERIE County

BALANCE SHEET

December 31, 2007

		Governmental Funds				Proprietary Funds		Fiduciary Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Assets and Other Debits											
100-120	Cash and Investments	115,570	5,049	26,944				22,670			170,233
140-144	Tax Receivable										
121-129, 145-149	Accounts Receivable (excluding taxes)										
130.00	Due From Other Funds	1,760									1,760
131-139, 150-159	Other Current Assets	5,000									5,000
160-169	Fixed Assets								792,103		792,103
180-189	Other Debits									304,112	304,112
Total Assets and Other Debits		122,330	5,049	26,944				22,670	792,103	304,112	1,273,208

Liabilities and Other Credits											
210-229	Payroll Taxes and Other Payroll Withholdings										
200-209, 231-239	All Other Current Liabilities	8,161									8,161
230.00	Due To Other Funds										
260-269	Long-Term-Liabilities									242,514	242,514
240-259	Current Portion of Long-Term Debt and Other Credits									61,598	61,598
Total Liabilities and Other Credits		8,161								304,112	312,273

Fund and Account Group Equity											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets								792,103		792,103
270-289	Fund Balance / Retained Earnings on 12/31	114,169	5,049	26,944				22,670			168,832
291-299	Other Equity										
Total Fund and Account Group Equity		114,169	5,049	26,944				22,670	792,103		960,935

TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY

1,273,208

FRANKLIN TWP, ERIE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2007

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Taxes

301.00	Real Estate Taxes	29,485	90,405	77,145	1			197,036
305.00	Occupation Taxes (levied under municipal code)							
308.00	Residence Taxes (levied by cities of the 3rd Class)							
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)							
310.00	Per Capita Taxes							
310.10	Real Estate Transfer Taxes	12,895						12,895
310.20	Earned Income Taxes / Wage Taxes	159,671						159,671
310.30	Business Gross Receipts Taxes							
310.40	Occupation Taxes (levied under Act 511)							
310.50	Local Services Tax **	8,190						8,190
310.60	Amusement / Admission Taxes							
310.70	Mechanical Device Taxes							
310.90	Other Local Tax Enabling Act / Act 511 / Taxes							
	Other: _____							
Total Taxes		210,241	90,405	77,145	1			377,792

Licenses and Permits

320-322	All Other Licenses and Permits	2,731						2,731
321.80	Cable Television Franchise Fees	4,719						4,719
Total Licenses and Permits		7,450						7,450

Fines and Forfeits

330-332	Fines and Forfeits	5,063						5,063
Total Fines and Forfeits		5,063						5,063

FRANKLIN TWP, ERIE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2007

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Interest, Rents and Royalties								
341.00	Interest Earnings	3,423	3,146	1,246				7,815
342.00	Rents and Royalties							
Total Interest, Rents and Royalties		3,423	3,146	1,246				7,815

Federal								
351.03	Highways and Streets							
351.09	Community Development							
351.00	All Other Federal Capital and Operating Grants							
352.01	National Forest							
352.00	All Other Federal Shared Revenue and Entitlements							
353.00	Federal Payments in Lieu of Taxes							
Total Federal								

State								
354.03	Highways and Streets	5,000						5,000
354.09	Community Development	46,299						46,299
354.15	Recycling / Act 101							
354.00	All Other State Capital and Operating Grants							
355.01	Public Utility Realty Tax (PURTA)	375						375
355.02	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		87,147					87,147
355.04	Alcoholic Beverage Licenses	400						400
355.05	General Municipal Pension System State Aid							
355.00	All Other State Shared Revenues and Entitlements	10,823						10,823

FRANKLIN TWP, ERIE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2007

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

State								
356.00	State Payments in Lieu of Taxes							
Total State		62,897	87,147					150,044

Local Government Units								
357.03	Highways and Streets	12,031						12,031
357.00	All Other Local Governmental Units Capital and Operating Grants							
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services							
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes							
Total Local Government Units		12,031						12,031

Charges for Service								
361.00	General Government	179						179
362.00	Public Safety	9,831						9,831
363.20	Parking							
363.00	All Other Charges for Highway & Streets Services							
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)							
364.30	Solid Waste Collection and Disposal Charge (trash)	3,932						3,932
364.60	Host Municipality Benefit Fee for Solid Waste Facility							
364.00	All Other Charges for Sanitation Services							
365.00	Health							
366.00	Human Services							
367.00	Culture and Recreation							
368.00	Airports							
369.00	Bars							

FRANKLIN TWP, ERIE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2007

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Charges for Service								
370.00	Cemeteries							
372.00	Electric System							
373.00	Gas System							
374.00	Housing System							
375.00	Markets							
377.00	Transit Systems							
378.00	Water System							
379.00	All Other Charges for Service							
Total Charges for Service		13,942						13,942

Unclassified Operating Revenues								
383.00	Special Assessments		4,921					4,921
386.00	Escheats (sale of personal property)							
387.00	Contributions and Donations from Private Sectors							
388.00	Fiduciary Fund Pension Contributions							
389.00	All Other Unclassified Operating Revenues							
Total Unclassified Operating Revenues			4,921					4,921

Other Financing Sources								
391.00	Proceeds of General Fixed Asset Disposition							
392.00	Interfund Operating Transfers	4,294	1,705	733				6,732
393.00	Proceeds of General Long-Term Debt							
394.00	Proceeds of Short Term-Debt							

FRANKLIN TWP, ERIE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2007

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Other Financing Sources								
395.00	Refunds of Prior Year Expenditures							
Total Other Financing Sources		4,294	1,705	733				6,732

TOTAL REVENUES	319,341	187,324	79,124	1				585,790
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EXPENDITURES

General Government								
400.00	Legislative (Governing) Body	40,353						40,353
401.00	Executive (Manager or Mayor)							
402.00	Auditing Services / Financial Administration	2,225						2,225
403.00	Tax Collection	14,898						14,898
404.00	Solicitor / Legal Services	2,798						2,798
405.00	Secretary / Clerk	22,922						22,922
406.00	Other General Government Administration	1,435						1,435
407.00	IT-Networking Services-Data Processing							
408.00	Engineering Services							
409.00	General Government Buildings and Plant	14,098						14,098
Total General Government		98,729						98,729

Public Safety								
410.00	Police							
411.00	Fire	11,214	11,865					23,079
412.00	Ambulance / Rescue							
413.00	UCC and Code Enforcement							
414.00	Planning and Zoning	7,993						7,993
415.00	Emergency Management and Communications	242						242

FRANKLIN TWP, ERIE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2007

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Safety								
416.00	Militia and Armories							
417.00	Examination of Licensed Occupations							
418.00	Public Scales (weights and measures)							
419.00	Other Public Safety							
Total Public Safety		19,449	11,865					31,314

Health and Human Services								
420.00-425.00	Health and Human Services							
Total Health and Human Services								

Public Works - Sanitation								
426.00	Recycling Collection and Disposal							
427.00	Solid Waste Collection and Disposal (garbage)	5,945						5,945
428.00	Weed Control							
429.00	Wastewater / Sewage Treatment and Collection							
Total Public Works - Sanitation		5,945						5,945

Public Works - Highways and Streets								
430.00	General Services - Administration	25,585	14,445					40,030
431.00	Cleaning of Streets and Gutters	48,824	9,804					58,628
432.00	Winter Maintenance – Snow Removal	13,351	2,758					16,109
433.00	Traffic Control Devices	2,653	2,863					5,516
434.00	Street Lighting							
435.00	Sidewalks and Crosswalks							
436.00	Storm Sewers and Drains	50	6,905					6,955

FRANKLIN TWP, ERIE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2007

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Works - Highways and Streets								
437.00	Repairs of Tools and Machinery	27,017	17,709					44,726
438.00	Maintenance and Repairs of Roads and Bridges	13,114	106,364					119,478
439.00	Highway Construction and Rebuilding Projects							
Total Public Works - Highways and Streets		130,594	160,848					291,442

Other Public Works Enterprises								
440.00	Airports							
441.00	Cemeteries							
442.00	Electric System							
443.00	Gas System							
444.00	Markets							
445.00	Parking Facilities							
446.00	Storm Water and Flood Control							
447.00	Transit System							
448.00	Water System							
449.00	Water Transport and Terminals							
Total Other Public Works Enterprises								

Culture and Recreation								
451.00	Culture-Recreation Administration							
452.00	Participant Recreation							
453.00	Spectator Recreation							
454.00	Parks							
455.00	Shade Trees							
456.00	Libraries							

FRANKLIN TWP, ERIE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2007

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Culture and Recreation								
457.00	Civil and Military Celebrations							
458.00	Senior Citizens' Centers							
459.00	All Other Culture and Recreation							
Total Culture and Recreation								

Community Development								
461.00	Conservation of Natural Resources							
462.00	Community Development and Housing							
463.00	Economic Development							
464.00	Economic Opportunity							
465-469	All Other Community Development							
Total Community Development								

Debt Service								
471.00	Debt Principal (short-term and long-term)	7,981	4,683	50,518				63,182
472.00	Debt Interest (short-term and long-term)	556	940	10,796				12,292
475.00	Fiscal Agent Fees							
Total Debt Service		8,537	5,623	61,314				75,474

Employer Paid Benefits and Withholding Items								
481.00	Employer Paid Withholding Taxes and Unemployment Compensation	12,699						12,699
482.00	Judgments and Losses							
483.00	Pension / Retirement Fund Contributions							
484.00	Worker Compensation Insurance							

FRANKLIN TWP, ERIE County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2007

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Employer Paid Benefits and Withholding Items								
487.00	Other Group Insurance Benefits	13,046						13,046
Total Employer Paid Benefits and Withholding Items		25,745						25,745

Insurance								
486.00	Insurance, Casualty, and Surety							
Total Insurance								

Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid							
489.00	All Other Unclassified Expenditures							
Total Unclassified Operating Expenditures								

Other Financing Uses								
491.00	Refund of Prior Year Revenues							
492.00	Interfund Operating Transfers		6,732					6,732
493.00	All Other Financing Uses							
Total Other Financing Uses			6,732					6,732

TOTAL EXPENDITURES	288,999	185,068	61,314					535,381
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EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES	30,342	2,256	17,810	1				50,409
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FRANKLIN TWP
December 31, 2007

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 Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
Note	Note	2004	2009	70,000	43,001		14,013		28,988		28,988
Note	Note	2003	2008	70,000	24,740		14,632		10,108		10,108
Note	Note	2006	2015	135,000	135,000		12,268		122,732		122,732
Note	Note	2000	2007	68,000	10,778		10,778		0		0
Note	Note	2002	2012	125,322	28,775		4,682		24,093		24,093
Note	Note	2006	2026	50,000	50,000		2,246		47,754		47,754
Note	Note	2006	2015	25,000	25,000		0		25,000		25,000
Note	Note	2006	2016	50,000	50,000		4,563		45,437		45,437
Revenue Bonds and Notes											
Lease Rental Debt											
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding 304,112

Capitalized lease obligations 0

Net debt 304,112

FRANKLIN TWP, ERIE County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2007

Category	Capital Purchases	Capital Construction	Total
Electric			
Fire			
Gas System			
General Government	792		792
Health			
Housing			
Libraries			
Mass Transit			
Parks			
Police			
Recreation			
Sewer			
Solid Waste			
Streets / Highways	1,587		1,587
Water			
Other: _____			
TOTAL CAPITAL EXPENDITURES	2,379		2,379

EMPLOYEE COMPENSATION

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

127,286

ELECTED CONTROLLER'S/AUDITOR'S CERTIFIED OPINION

To the: Governing Body of the Municipality
 President Judge of the Court of Common Pleas
 Secretary of the Department of Community & Economic Development

I/We, the undersigned, the duly elected (or appointed replacement), qualified, and Acting Controller/Auditors of the FRANKLIN TWP have audited, adjusted and settled the various funds and account groups of the FRANKLIN TWP for the year ended December 31, 2007. My/Our audit, adjustment and settlement was made in accordance with law rather than with generally accepted auditing standards

(PLEASE CROSS OUT ONLY IF ON MODIFIED ACCRUAL/ACCRUAL BASIS)

This municipality's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures or expenses are recognized when paid rather than when a liability is incurred. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations of this municipality in conformity with generally accepted accounting principles.

These financial statements do not include all of the disclosures required by generally accepted accounting principles.

In my/our opinion, the aforementioned financial statements present the financial position of the various funds and account groups of the municipality of FRANKLIN TWP for the year ended December 31, 2007, and the results of operations of such funds in accordance with the law.

SIGNATURE AND VERIFICATION

Signed: Monahan & Monahan CPA's Appointed Auditor/CPA

Subscribed and sworn to before me this 24 day of January, 2008.



Signed: _____

Witness (Controller)/Auditor (Auditors)