

CRANBERRY TOWNSHIP
CRAWFORD COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2004



Mary Taylor, CPA
Auditor of State

Board of Trustees
Cranberry Township
5930 State Route 103
New Washington, OH 44854

We have reviewed the *Independent Auditors' Report* of Cranberry Township, Crawford County, prepared by Holbrook & Manter, for the audit period January 1, 2004 to December 31, 2004. 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.

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. Cranberry Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 15, 2007

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Cranberry Township
Crawford County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cranberry Township, Crawford County, Ohio, (the Township) as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements 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.

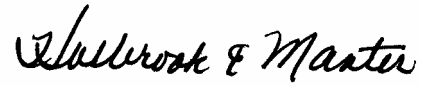
As discussed in Note 1, the Township has prepared these financial statements using the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cranberry Township, Crawford County, as of December 31, 2004, and the respective changes in cash financial position and the respective budgetary comparison for the General and Gasoline Tax funds thereof for the year then ended on the basis of accounting described in Note 2.

As discussed in Note 3, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

The Management's Discussion and Analysis on pages 5 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 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.



Certified Public Accountants

March 5, 2007

**CRANBERRY TOWNSHIP
CRAWFORD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(UNAUDITED)**

This discussion and analysis of the Ohio Local Government's financial performance provides an overall review of the Government's financial activities for the year ended December 31, 2004, within the limitations of the Government's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

Highlights

Key highlights for 2004 are as follows:

Net assets of governmental activities decreased \$5,890 or 8.4 percent, a minor change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the largest greatest increase in costs in 2004, however, increased costs most of the other funds as well.

The Township's general receipts are primarily property and other taxes. These receipts represent 40 and 59 percent of the total cash received for the governmental activities during the year. Property and other tax receipts for 2004 changed very little compared to 2003 as development in the Township has slowed.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Government's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Government as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Government as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Government has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Government's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**CRANBERRY TOWNSHIP
CRAWFORD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(UNAUDITED)**

Basis of Accounting (continued)

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Government did financially during 2004, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Government at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Government's general receipts.

These statements report the Government's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Government's financial health. Over time, increases or decreases in the Government's cash position is one indicator of whether the Government's financial health is improving or deteriorating. When evaluating the Government's financial condition, you should also consider other nonfinancial factors, such as the Government's property tax base, the condition of the Government's capital assets and infrastructure, the extent of the Government's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Government into two types of activities:

Governmental activities. Most of the Government's basic services are reported here, including fire, streets and roads. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business type activity. The Government does not have any has business type activity.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Government's major funds – not the Government as a whole. The Government establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Government are split into three categories: governmental, proprietary, and fiduciary.

**CRANBERRY TOWNSHIP
CRAWFORD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(UNAUDITED)**

Governmental Funds - Most of the Government's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Government's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Government's programs. The Government's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Government's major governmental funds are the General Fund and the Gasoline Tax Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds - When the Government charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township does not have an enterprise fund.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Government. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Government's programs. The Township does not have a fiduciary fund.

The Government as a Whole

Table 1 provides a summary of the Government's net assets for 2004 compared to 2003 on a cash basis:

(Table 1)
Net Assets

| | Governmental Activities | |
|---------------------------|--------------------------------|------------------|
| | 2004 | 2003 |
| Assets | | |
| Cash and Cash Equivalents | \$ 35,141 | \$ 17,569 |
| Investments | <u>28,936</u> | <u>52,398</u> |
| Total Assets | <u>\$ 64,077</u> | <u>\$ 69,967</u> |
| Net Assets | | |
| Other Purposes | \$ 40,235 | \$ 33,563 |
| Unrestricted | <u>23,842</u> | <u>36,404</u> |
| Total Net Assets | <u>\$ 64,077</u> | <u>\$ 69,967</u> |

As mentioned previously, net assets of governmental activities decreased \$5,890 or 8.4 percent during 2004. The primary reasons contributing to the decrease in cash balances are as follows:

In 2003, the Government received estate taxes totaling \$48,898 that were not received in 2004. In lieu of the estate taxes in 2003, more roads were maintained to increase the expenses accordingly. The net asset variance between 2003 and 2004 was minimal.

**CRANBERRY TOWNSHIP
CRAWFORD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(UNAUDITED)**

Table 2 reflects the changes in net assets in 2004. Since the Government did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**(Table 2)
Changes in Net Assets**

| | Governmental Activities |
|--|------------------------------------|
| Receipts: | |
| Program Receipts: | |
| Charges for services | \$ 13,460 |
| Operating Grants and Contributions | 59,782 |
| Other | 975 |
| Total Program Receipts | 74,217 |
| General Receipts: | |
| Property and Other Local Taxes | 72,751 |
| Grants and Entitlements Not Restricted to Specific Programs | 16,186 |
| Total General Receipts | 88,937 |
| Total Receipts | 163,154 |
| Disbursements: | |
| General Government | 53,595 |
| Public Safety | 24,654 |
| Public Works | 87,648 |
| Public Health | 3,147 |
| Total Disbursements | 169,044 |
| Excess Before Transfers | (5,890) |
| Net Assets, January 1, 2004 | 69,967 |
| Net Assets, December 31, 2004 | \$ 64,077 |

**CRANBERRY TOWNSHIP
CRAWFORD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(UNAUDITED)**

Total Governmental Funds had receipts of \$163,154 and disbursements of \$169,044. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund and the Gasoline Tax Fund decreased \$12,562 and \$34, respectively, other Governmental Funds increased by \$6,706 resulting in a net decrease of \$5,890 in 2004.

Governmental Activities

If you look at the Statement of Activities on page 12, you will see that the first column lists the major services provided by the Government. The next columns identify the costs of providing these services. The major program disbursements for governmental activities are for Public works and General government, which account for 35 and 36 percent of all governmental disbursements, respectively. The next column of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)
Governmental Activities**

| | <u>Total Cost Of Services</u> | <u>Net Cost of Services</u> | |
|--------------------|-----------------------------------|---------------------------------|--|
| General Government | \$ 53,595 | \$ (53,595) | |
| Public Safety | 24,654 | (24,654) | |
| Public Works | 87,648 | (14,406) | |
| Public Health | 3,147 | (3,147) | |
| Other | <u>0</u> | <u>975</u> | |
| Total Expenses | <u>\$ 169,044</u> | <u>\$ (94,827)</u> | |

**CRANBERRY TOWNSHIP
CRAWFORD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
(UNAUDITED)**

The dependence upon property tax receipts is apparent as over 44 percent of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds had receipts of \$163,154 and disbursements of \$169,044. The greatest change within governmental funds occurred within the General Fund.

General Fund disbursements were \$12,562 more than receipts indicating that the General Fund is in a deficit spending situation. It was the recommendation of the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers.

General Fund Budgeting Highlights

The Government's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Final disbursements were budgeted at \$85,423 while actual disbursements were \$59,618. Aware that the Township was operating in a deficit situation, the Government reduced spending when ever possible.

Capital Assets and Debt Administration

Capital Assets

The Government does not currently keep track of its capital assets and infrastructure. The Government has acquired a software package to accomplish this task and is in the process of entering the necessary information. It is anticipated that this program will be fully functional for 2005 but reductions in staff may delay the implementation.

Debt

The Township did not have any debt at December 31, 2004.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Government's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Sharon Sheibley, Clerk-Treasurer, Cranberry Township, 5930 State Route 103, New Washington, OH, 44854.

CRANBERRY TOWNSHIP
CRAWFORD COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
AS OF DECEMBER 31, 2004

| | Governmental Activities |
|--|------------------------------------|
| ASSETS:- | |
| Equity in pooled cash and cash equivalents | \$ 64,077 |
| Total assets | \$ 64,077 |
| NET ASSETS:- | |
| Special revenue | \$ 40,235 |
| Unrestricted | 23,842 |
| Total net assets | \$ 64,077 |

See accompanying notes to the basic financial statements

CRANBERRY TOWNSHIP
CRAWFORD COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2004

| | Program Cash Receipts | | | Net (Disbursements) Receipts and Changes in Net Assets | |
|---|--------------------------|--------------------------------------|--|--|----------------------------|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities | Total |
| GOVERNMENTAL ACTIVITIES:- | | | | | |
| General government | \$ 53,595 | \$ 0 | \$ 0 | \$ (53,595) | \$ (53,595) |
| Public safety | 24,654 | 0 | 0 | (24,654) | (24,654) |
| Public works | 87,648 | 13,460 | 59,782 | (14,406) | (14,406) |
| Health | 3,147 | 0 | 0 | (3,147) | (3,147) |
| Other | 0 | 0 | 975 | 975 | 975 |
| | <u>0</u> | <u>0</u> | <u>975</u> | <u>975</u> | <u>975</u> |
| Total governmental activities | \$ <u>169,044</u> | \$ <u>13,460</u> | \$ <u>60,757</u> | \$ (<u>94,827</u>) | \$ (<u>94,827</u>) |
| GENERAL RECEIPTS:- | | | | | |
| Property taxes | | | | \$ 72,751 | \$ 72,751 |
| Grants and entitlements not restricted to specific programs | | | | 16,186 | 16,186 |
| Earnings on investments | | | | 0 | 0 |
| Miscellaneous | | | | 0 | 0 |
| | | | | <u>0</u> | <u>0</u> |
| Total general receipts | | | | <u>88,937</u> | <u>88,937</u> |
| Change in net assets | | | | (5,890) | (5,890) |
| Net assets beginning of year | | | | <u>69,967</u> | <u>69,967</u> |
| Net assets at end of year | | | | \$ <u>64,077</u> | \$ <u>64,077</u> |

See accompanying notes to the basic financial statements

CRANBERRY TOWNSHIP
CRAWFORD COUNTY
STATEMENT OF ASSETS AND FUND BALANCES CASH BASIS
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2004

ASSETS

| | General | Gasoline Tax | Other Governmental Funds | Total Governmental Funds |
|--|----------------|-------------------------|---|---|
| Equity in pooled cash and cash equivalents | \$ 23,842 | \$ 18,702 | \$ 21,533 | \$ 64,077 |
| Total assets | \$ 23,842 | \$ 18,702 | \$ 21,533 | \$ 64,077 |

FUND BALANCES

UNRESERVED:-

| | | | | |
|-----------------------------|-----------|-----------|-----------|-----------|
| Undesignated, reported in:- | | | | |
| General fund | \$ 23,842 | \$ 0 | \$ 0 | \$ 23,842 |
| Special revenue funds | 0 | 18,702 | 21,533 | 40,235 |
| Total fund balances | \$ 23,842 | \$ 18,702 | \$ 21,533 | \$ 64,077 |

See accompanying notes to the basic financial statements

**CRANBERRY TOWNSHIP
CRAWFORD COUNTY**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
- CASH BASIS GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

| | General | Gasoline Tax | Other Governmental Funds | Total Governmental Funds |
|----------------------------------|------------------|-------------------------|---|---|
| RECEIPTS:- | | | | |
| Property and other local taxes | \$ 27,058 | \$ 0 | \$ 51,143 | \$ 78,201 |
| Intergovernmental | 19,474 | 59,782 | 4,942 | 84,198 |
| Earnings on investments | 524 | 218 | 13 | 755 |
| | 47,056 | 60,000 | 56,098 | 163,154 |
| DISBURSEMENTS:- | | | | |
| Current:- | | | | |
| General government | 53,595 | 0 | 0 | 53,595 |
| Public safety | 0 | 0 | 24,654 | 24,654 |
| Public works | 2,876 | 60,034 | 24,738 | 87,648 |
| Health | 3,147 | 0 | 0 | 3,147 |
| | 59,618 | 60,034 | 49,392 | 169,044 |
| Total disbursements | 59,618 | 60,034 | 49,392 | 169,044 |
| Net change in fund balances | (12,562) | (34) | 6,706 | (5,890) |
| Fund balances beginning of year | 36,404 | 18,736 | 14,827 | 69,967 |
| Fund balances end of year | \$ 23,842 | \$ 18,702 | \$ 21,533 | \$ 64,077 |

See accompanying notes to the basic financial statements

CRANBERRY TOWNSHIP
CRAWFORD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

| | <u>Budgeted Amounts</u> | | | (Optional) |
|--------------------------------------|-------------------------|---------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
| RECEIPTS:- | | | | |
| Property and other local taxes | \$ 64,363 | \$ 28,000 | \$ 27,058 | \$ (942) |
| Intergovernmental | 20,160 | 20,160 | 19,474 | (686) |
| Earning on investments | 700 | 700 | 524 | (176) |
| Miscellaneous | <u>200</u> | <u>200</u> | <u>0</u> | <u>(200)</u> |
| Total receipts | 85,423 | 49,060 | 47,056 | (2,004) |
| DISBURSEMENTS:- | | | | |
| Current:- | | | | |
| General government | 70,293 | 70,293 | 53,595 | 16,698 |
| Public works | 13,130 | 11,130 | 2,876 | 8,254 |
| Health | <u>2,000</u> | <u>4,000</u> | <u>3,147</u> | <u>853</u> |
| Total disbursements | <u>85,423</u> | <u>85,423</u> | <u>59,618</u> | <u>25,805</u> |
| Net change in fund balance | 0 | (36,363) | (12,562) | (27,809) |
| Fund balance beginning of year | 36,404 | 36,404 | 36,404 | 0 |
| Prior year encumbrances appropriated | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund balance end of year | <u>\$ 36,404</u> | <u>\$ 41</u> | <u>\$ 23,842</u> | <u>\$ (27,809)</u> |

See accompanying notes to the basic financial statements

CRANBERRY TOWNSHIP
CRAWFORD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

| | <u>Budgeted Amounts</u> | | | (Optional) |
|--------------------------------------|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
| RECEIPTS:- | | | | |
| Intergovernmental | \$ 70,722 | \$ 52,000 | \$ 59,782 | \$ 7,782 |
| Earnings on Investments | <u>200</u> | <u>200</u> | <u>218</u> | <u>18</u> |
| Total receipts | 70,922 | 52,200 | 60,000 | 7,800 |
| DISBURSEMENTS:- | | | | |
| Current:- | | | | |
| Public works | <u>60,500</u> | <u>59,300</u> | <u>60,034</u> | <u>(734)</u> |
| Total disbursements | <u>60,500</u> | <u>59,300</u> | <u>60,034</u> | <u>(734)</u> |
| Net change in fund balance | 10,422 | (7,100) | (34) | 7,066 |
| Fund balance beginning of year | 18,736 | 18,736 | 18,736 | 0 |
| Prior year encumbrances appropriated | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund balance end of year | <u>\$ 29,158</u> | <u>\$ 11,636</u> | <u>\$ 18,702</u> | <u>\$ 7,066</u> |

See accompanying notes to the basic financial statements

CRANBERRY TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1 - REPORTING ENTITY:-

Cranberry Township, Crawford County, Ohio (the Township), is a body politic and corporate established in 1826 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 also has an elected Fiscal Officer.

The reporting entity is comprised of the primary government.

Primary Government - The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges. The Township contracts with the Village of New Washington for fire protection and ambulance service for the Township.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

These financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

Basis of Presentation - The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for

which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, - grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the Township's general receipts.

CRANBERRY TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Fund Financial Statements - During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Fund Accounting - The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The Township's funds are classified as governmental.

Governmental Funds - The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major governmental funds are the General Fund and the Gasoline Tax Fund.

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Gasoline Tax Fund receives is used to account for all financial resources designated to road and bridge maintenance and related expense.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Basis of Accounting - The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

CRANBERRY TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Budgetary Process - All funds are legally required to be budgeted and appropriated. The Tax Commission of Crawford County have chosen to not require a formal budget due in the summer months. Instead, they provide us with an estimate of revenue based on calculations of property and levies in place in the Township. The Township takes the estimates from the County Auditor and a report of revenue from the previous year and uses these numbers to make an estimation of revenue for the coming year. This had proven to be an accurate method of estimating revenue for the next year. This report is given to the county tax commission when requested. The county auditor and tax commission review these numbers and responds if there is inaccuracy in the reporting.

The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

Encumbrances - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Cash and Investments - To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts, respectively.

During 2004, the Township invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2004.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2004 was \$755.

**CRANBERRY TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Inventory and Prepaid Items - The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

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

Accumulated Leave - In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Townships cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans - The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long Term Obligations - The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

Net Assets - Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves - The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves are established for encumbrances when necessary.

NOTE 3 - CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY:-

Last year, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year, the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE:-

The Township reports no deficit fund balances.

CRANBERRY TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING:-

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and Gasoline Tax Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are that the outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an inter-fund receivable or payable (cash basis)). There were no outstanding encumbrances or advances at the end of the year.

NOTE 6 - DEPOSITS AND INVESTMENTS:-

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

CRANBERRY TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 6 - DEPOSITS AND INVESTMENTS:- (continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the carrying amount of the Townships deposits was \$35,139 and the bank balance was \$35,139, which was covered by federal depository insurance.

The Township's investments are required to be categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments which are held by the counter party, or by its trust department or agent but not in the Township's name. The investments in STAR Ohio are not classified since they are not evidenced by securities that exist in physical or book entry form. The Township held investments in STAR Ohio with a carrying value of \$28,938 at December 31, 2004.

NOTE 7 - PROPERTY TAXES:-

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2004 represent the collection of 2003 taxes. Real property taxes received in 2004 were levied after October 1, 2003, on the assessed values as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 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. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2004 represent the collection of 2003 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2003, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2004 (other than public utility property) represent the collection of 2003 taxes. Tangible personal property taxes received in 2004 were levied after October 1, 2003, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**CRANBERRY TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

NOTE 7 - PROPERTY TAXES:- (continued)

The full tax rate for all Township operations for the year ended December 31, 2004, was 1.0 mills per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2004 property tax receipts were based are as follows:

| | |
|----------------------------------|---------------|
| Real Property:- | |
| Residential | \$ 14,425,140 |
| Agriculture | 5,263,350 |
| Commercial/ Industrial/ Mineral | 6,755,986 |
| Public Utility Property:- | |
| Real | 2,720 |
| Personal | 0 |
| Tangible personal property | 772,330 |
| Total assessed value | \$ 27,219,526 |

NOTE 8 - RISK MANAGEMENT:-

The Township 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 governments 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 claim, including loss 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 \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage – Through 2004, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The Township 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 governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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.

**CRANBERRY TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

NOTE 8 - RISK MANAGEMENT:- (continued)

Financial Position - OTARMA's financial statements (audited by other accountants) are represented to conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2004:

| <u>Casualty Coverage</u> | <u>2004</u> | <u>2003</u> |
|--------------------------|----------------------|----------------------|
| Assets | \$ 28,132,620 | \$ 27,792,223 |
| Liabilities | (11,086,379) | (11,791,300) |
| Retained earnings | \$ 17,046,241 | \$ 16,000,923 |
| | | |
| <u>Property Coverage</u> | <u>2004</u> | <u>2003</u> |
| Assets | \$ 7,588,343 | \$ 6,791,060 |
| Liabilities | (543,176) | (750,956) |
| Retained earnings | \$ 7,045,167 | \$ 6,040,104 |

NOTE 9 - DEFINED BENEFIT PENSION PLAN:-

Ohio Public Employees Retirement System - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

Ohio Public Employees Retirement System - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

CRANBERRY TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 9 - DEFINED BENEFIT PENSION PLAN:- (continued)

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2004 was 9.6 percent, except for those plan members in law enforcement or public safety. For those the Township's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

Contributions to the member-directed plan for 2004 were \$3,677 made by the Township and \$1,434 made by the plan members.

NOTE 10 - POST EMPLOYMENT BENEFITS:-

Ohio Public Employees Retirement System - The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll 4.0 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

CRANBERRY TOWNSHIP
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 10 - POST EMPLOYMENT BENEFITS:- (continued)

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund post employment benefits were \$7,832. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.



Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Cranberry Township
Crawford County

We have audited the accompanying financial statements of Cranberry Township, Crawford County, Ohio (the Township), as of and for the year ended December 31, 2004, and have issued our report thereon dated March 5, 2007, wherein we noted the Township had followed the cash basis of accounting 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 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 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 material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Township in a separate letter dated March 5, 2007.

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 compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated March 5, 2007.

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

Shullrock & Manton

Certified Public Accountants

March 5, 2007

CRANBERRY TOWNSHIP
CRAWFORD COUNTY
 SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2004

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|----------------|--|------------------|---|
| 2003-001 | ORC 4115.04 and 4115.05, required public authority to obtain the prevailing wages in its area before covered contracts are bid and then when the contract is awarded. | Yes | Fully corrected in 2004. |
| 2003-002 | ORC 5549.21 required all purchases of materials, machinery, and tools to be used in constructing, maintaining and repairing roads and culverts that exceed \$15,000 to be competitively bid. | Yes | Fully corrected in 2004. |
| | | | |



Mary Taylor, CPA
Auditor of State

CRANBERRY TOWNSHIP

CRAWFORD 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
MAY 29, 2007**