

GRANGER TOWNSHIP

MEDINA COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2005

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



Mary Taylor, CPA
Auditor of State

Board of Trustees
Granger Township
3717 Ridge Road
Medina, Ohio 44256

We have reviewed the *Report of Independent Accountants* of Granger Township, Medina County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2005 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.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 29, 2007

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GRANGER TOWNSHIP
MEDINA COUNTY, OHIO
Audit Report
For the year ended December 31, 2005

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REPORT OF INDEPENDENT ACCOUNTANTS

**Granger Township
Medina County
3717 Ridge Road
Medina, OH 44256**

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Granger Township, Medina County (Township), as of and for the year ended December 31, 2005, 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 2, the accompanying financial statements and notes follow the cash accounting basis. 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 basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of Granger Township, as of December 31, 2005, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General Fund and each major Special Revenue Fund, thereof for the year then ended in conformity with the accounting basis Note 2 describes.

Management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting 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 23, 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. That report describes the scope of our testing of internal controls over financial reporting and compliance and the results of testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.
March 23, 2007

Granger Township, Medina County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

This discussion and analysis of Granger Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$110,619 or 7.8 percent. The funds most affected by the increase in cash and cash equivalents were the General and Road and Bridge Funds.

The Township's general receipts are primarily property taxes and intergovernmental receipts. These receipts represent respectively \$726,900 and 74.5 percent of the total cash received for governmental activities during the year. Property tax receipts for 2005 decreased by \$29,248 compared to 2004.

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 Township'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 Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township 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 Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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.

Granger Township, Medina County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township 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 Township's general receipts.

These statements report the Township'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 Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township'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 taxes.

In the statement of net assets and the statement of activities, the Township's basic services are reported as governmental activities, including cemetery, fire, streets and parks. Real estate and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township 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. All of the Township Funds are governmental.

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township'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 Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major 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 Township's major governmental funds in 2005 were the General Fund, Road and Bridge Fund, Fire Levy Fund and Fire Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Granger Township, Medina County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on a cash basis:

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	\$1,527,364	\$1,417,030
 Total Assets	 \$1,527,364	 \$1,417,030
 Net Assets		
Restricted for:		
Capital Projects	\$6,257	\$17,928
Other Purposes	356,932	306,783
Unrestricted	1,164,175	1,092,319
Total Net Assets	\$1,527,364	\$1,417,030

As mentioned previously, net assets of governmental activities increased \$110,619 or 7.8 percent during 2005. The primary reasons contributing to the increase in cash balances are as follows:

- In 2005, the Township collected the first year of levy revenue in the Road and Bridge Fund.
- In 2005, interest rates were up from 2004 and increased revenue was earned.

Granger Township, Medina County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Table 2 reflects the changes in net assets in 2005. No comparison was done for 2004 since this is the first year of this presentation.

(Table 2)
Changes in Net Assets

	Governmental Activities 2005
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$ 46,095
Operating Grants and Contributions	130,029
Total Program Receipts	176,124
General Receipts:	
Property and Other Local Taxes	536,197
Intergovernmental	190,703
Cable Franchise Fees	21,016
Interest	37,691
Miscellaneous	14,121
Total General Receipts	799,728
Total Receipts	975,852
Disbursements:	
General Government	207,106
Public Safety	177,566
Public Works	270,924
Health	16,926
Conservation-Recreation	7,146
Capital Outlay	185,565
Total Disbursements	865,233
Increase (Decrease) in Net Assets	110,619
Net Assets, January 1	1,416,745
Net Assets, December 31	\$ 1,527,364

Program receipts represent only 18.0 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, zoning and rescue squad fees. Rescue squad fees are charged only to non-residents of the Township. In 2005, the increase in Operating Grants reflects additional gasoline tax monies.

Granger Township, Medina County
 Management's Discussion and Analysis
 For the Year Ended December 31, 2005
 Unaudited

General receipts represent 82 percent of the Township's total receipts, and of this amount, over 67 percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources. Under Grants and Entitlements in 2004 we received \$51,983 in Estate Taxes, while in 2005 we only received \$16,777.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of most of the trustees and fiscal officer, building upkeep and some of the road and fire department's expenses, as well as internal services such as payroll and purchasing. These costs are 26.6 percent of General Fund unrestricted receipts.

Public Safety is the costs of fire protection and rescue squad service; Public Works is road maintenance and improvement; Public Health is the costs for Granger Township's five cemeteries; Conservation and Recreation is the costs of maintaining Granger Township parks, and ballfields.

In 2004, the last payment was made on the new Fire Station. In 2005, the Township purchased a new Rescue Squad to replace an old worn-out model, re-did the parking lots and built a small Salt Shed.

Governmental Activities

If you look at the Statement of Activities on page 11 you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for roads and fire and rescue squad services, which accounts for \$448,490 and 51.8 percent of all township disbursements. Capital Outlay, also for the Fire Department accounts for an additional \$185,565 and 21.4 percent. General Government had costs of \$207,106 and 23.9 percent. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township 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)

	Total Cost Of Services 2005	Net Cost of Services 2005
	<u>2005</u>	<u>2005</u>
General Government	\$207,106	(\$156,924)
Public Safety	177,566	(163,465)
Public Works	270,924	(165,753)
Health	16,926	(10,256)
Conservation-Recreation	7,146	(7,146)
Capital Outlay	<u>185,565</u>	<u>(185,565)</u>
Total Expenses	<u><u>\$865,233</u></u>	<u><u>(\$689,109)</u></u>

Granger Township, Medina County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The dependence upon property taxes is apparent as over 82 percent of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds had receipts of \$975,852 and disbursements of \$865,233. The greatest change within governmental funds occurred within the General Fund and Road and Bridge Fund.

The Road and Bridge Fund receipts increased due to legislative changes for more funding and the road levy brought in some much needed, although a small amount of additional road revenue.

The Township receipts increased in the FEMA Fund due to funding being received for clean up from ice storms.

General Fund Budgeting Highlights

The Township'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.

General Fund receipts were more than disbursements by \$57,661. Interest rates increased in 2005 and those receipts doubled over 2004. However, \$51,000 in Estate Taxes under Operating Grants and Entitlements was received in 2004 and only \$16,777 in 2005. The Township never anticipates Estate Taxes, but benefits greatly from their receipt.

The Township disbursed \$253,933 in 2004 for construction of a fire station. The Township did not have a similar disbursement in 2005. Also, the Township's disbursement for public works increased due to higher than expected costs for snow removal, road salt, electricity and natural gas.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure, other than an annual inventory of valuations and assets. A computer software package is used for this task.

Debt

At December 31, 2005, the Township had no outstanding debt.

Granger Township, Medina County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Economic Outlook

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. We rely heavily on local taxes and have limited industry to support the tax base. The demand for services such as road maintenance and fire and rescue services is increasing due to our many new residents. Granger Township is changing from a rural farming community to a rural area with many subdivisions.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township'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 Barbara L. Beach, Fiscal Officer, Granger Township, 3717 Ridge Rd., Medina, OH 44256.

Granger Township, Medina County

Statement of Net Assets - Cash Basis

December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,527,364</u>
Net Assets	
Restricted for:	
Capital Projects	\$ 6,257
Other Purposes	356,932
Unrestricted	<u>1,164,175</u>
<i>Total Net Assets</i>	<u>\$ 1,527,364</u>

See accompanying notes to the basic financial statements

Granger Township, Medina County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government	\$ 207,106	\$ 25,324	\$ 24,858	\$ (156,924)
Public Safety	177,566	14,101	-	(163,465)
Public Works	270,924	-	105,171	(165,753)
Health	16,926	6,670	-	(10,256)
Conservation-Recreation	7,146	-	-	(7,146)
Capital Outlay	185,565	-	-	(185,565)
<i>Total Governmental Activities</i>	<u>\$ 865,233</u>	<u>\$ 46,095</u>	<u>\$ 130,029</u>	(689,109)
General Receipts				
Property Taxes Levied for:				
General Purposes				163,518
Special Purposes				372,679
Intergovernmental				190,703
Cable Franchise Fees				21,016
Earnings on Investments				37,691
Miscellaneous				14,121
<i>Total General Receipts</i>				<u>799,728</u>
Change in Net Assets				110,619
<i>Net Assets Beginning of Year</i>				<u>1,416,745</u>
<i>Net Assets End of Year</i>				<u>\$ 1,527,364</u>

See accompanying notes to the basic financial statements

Granger Township, Medina County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	Road and Bridge Fund	Fire Special Levy Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 1,164,175	\$ 83,274	\$ 48,254	\$ 63,289	\$ 168,372	\$ 1,527,364
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$ 14,194	\$ -	\$ 237	\$ 2,139	\$ 5,281	\$ 21,851
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	1,149,981	-	-	-	-	1,149,981
Special Revenue Funds	-	83,274	48,017	61,150	156,834	349,275
Capital Projects Funds	-	-	-	-	6,257	6,257
<i>Total Fund Balances</i>	<u>\$ 1,164,175</u>	<u>\$ 83,274</u>	<u>\$ 48,254</u>	<u>\$ 63,289</u>	<u>\$ 168,372</u>	<u>\$ 1,527,364</u>

See accompanying notes to the basic financial statements

Granger Township, Medina County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Road and Bridge Fund	Fire Special Levy Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 163,518	\$ 113,751	\$ 166,505	\$ 71,095	\$ 21,328	\$ 536,197
Licenses, Permits and Fees	25,324	-	-	-	18,871	44,195
Cable Franchise Fees	21,016	-	-	-	-	21,016
Intergovernmental	142,702	15,227	22,681	13,261	128,761	322,632
Interest	36,270	-	-	-	1,421	37,691
Other	7,974	-	-	3,978	2,169	14,121
<i>Total Receipts</i>	<u>396,804</u>	<u>128,978</u>	<u>189,186</u>	<u>88,334</u>	<u>172,550</u>	<u>975,852</u>
Disbursements						
Current:						
General Government	207,106	-	-	-	-	207,106
Public Safety	-	-	44,305	105,625	27,636	177,566
Public Works	73,318	70,858	-	-	126,748	270,924
Health	-	-	-	-	16,926	16,926
Conservation-Recreation	7,146	-	-	-	-	7,146
Capital Outlay	37,378	-	133,319	9,906	4,962	185,565
<i>Total Disbursements</i>	<u>324,948</u>	<u>70,858</u>	<u>177,624</u>	<u>115,531</u>	<u>176,272</u>	<u>865,233</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>71,856</u>	<u>58,120</u>	<u>11,562</u>	<u>(27,197)</u>	<u>(3,722)</u>	<u>110,619</u>
Other Financing Sources (Uses)						
Advances In	100,000	-	100,000	-	-	200,000
Advances Out	(100,000)	-	(100,000)	-	-	(200,000)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	71,856	58,120	11,562	(27,197)	(3,722)	110,619
<i>Fund Balances Beginning of Year</i>	<u>1,092,319</u>	<u>25,154</u>	<u>36,692</u>	<u>90,486</u>	<u>172,094</u>	<u>1,416,745</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,164,175</u>	<u>\$ 83,274</u>	<u>\$ 48,254</u>	<u>\$ 63,289</u>	<u>\$ 168,372</u>	<u>\$ 1,527,364</u>

See accompanying notes to the basic financial statements

Granger Township, Medina County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 159,442	\$ 163,518	\$ 163,518	\$ -
Licenses, Permits and Fees	832	23,832	25,324	1,492
Cable Franchise Fees	21,016	21,016	21,016	-
Intergovernmental	121,344	138,806	142,702	3,896
Interest	11,500	34,500	36,270	1,770
Other	617	6,618	7,974	1,356
<i>Total receipts</i>	<u>314,751</u>	<u>388,290</u>	<u>396,804</u>	<u>8,514</u>
Disbursements				
Current:				
General Government	304,204	318,704	220,743	97,961
Public Works	73,850	77,850	73,876	3,974
Conservation-Recreation	11,500	11,500	7,146	4,354
Capital Outlay	200,000	181,500	37,378	144,122
<i>Total Disbursements</i>	<u>589,554</u>	<u>589,554</u>	<u>339,143</u>	<u>250,411</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(274,803)	(201,264)	57,661	258,925
Other Financing Sources (Uses)				
Advances In	-	100,000	100,000	-
Advances Out	-	-	(100,000)	(100,000)
Other Financing Sources	233	233	-	(233)
<i>Total Other Financing Sources (Uses)</i>	<u>233</u>	<u>100,233</u>	<u>-</u>	<u>(100,233)</u>
<i>Net Change in Fund Balance</i>	(274,570)	(101,031)	57,661	158,692
<i>Fund Balance Beginning of Year</i>	1,086,308	1,086,308	1,086,308	-
Prior Year Encumbrances Appropriated	6,012	6,012	6,012	-
<i>Fund Balance End of Year</i>	<u>\$ 817,750</u>	<u>\$ 991,289</u>	<u>\$ 1,149,981</u>	<u>\$ 158,692</u>

See accompanying notes to the basic financial statements

Granger Township, Medina County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Road and Bridge Fund
 For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 110,915	\$ 113,751	\$ 113,751	\$ -
Intergovernmental	15,485	15,116	15,227	111
<i>Total receipts</i>	<u>126,400</u>	<u>128,867</u>	<u>128,978</u>	<u>111</u>
Disbursements				
Current:				
Public Works	133,539	133,538	70,858	62,680
<i>Total Disbursements</i>	<u>133,539</u>	<u>133,538</u>	<u>70,858</u>	<u>62,680</u>
<i>Net Change in Fund Balance</i>	(7,139)	(4,671)	58,120	62,791
<i>Fund Balance Beginning of Year</i>	23,814	23,814	23,814	-
Prior Year Encumbrances Appropriated	1,340	1,340	1,340	-
<i>Fund Balance End of Year</i>	<u>\$ 18,015</u>	<u>\$ 20,483</u>	<u>\$ 83,274</u>	<u>\$ 62,791</u>

See accompanying notes to the basic financial statements

Granger Township, Medina County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Special Levy Fire Fund
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 159,000	\$ 166,505	\$ 166,505	\$ -
Intergovernmental	20,000	21,972	22,681	709
<i>Total receipts</i>	<u>179,000</u>	<u>188,477</u>	<u>189,186</u>	<u>709</u>
Disbursements				
Current:				
Public Safety	55,585	54,585	44,541	10,044
Capital Outlay	146,000	147,000	133,320	13,680
<i>Total Disbursements</i>	<u>201,585</u>	<u>201,585</u>	<u>177,861</u>	<u>23,724</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(22,585)	(13,108)	11,325	24,433
Other Financing Sources (Uses)				
Advances In	-	100,000	100,000	-
Advances Out	-	-	(100,000)	(100,000)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
<i>Net Change in Fund Balance</i>	(22,585)	86,892	11,325	(75,567)
<i>Fund Balance Beginning of Year</i>	28,233	28,233	28,233	-
Prior Year Encumbrances Appropriated	8,459	8,459	8,459	-
<i>Fund Balance End of Year</i>	<u>\$ 14,107</u>	<u>\$ 123,584</u>	<u>\$ 48,017</u>	<u>\$ (75,567)</u>

See accompanying notes to the basic financial statements

Granger Township, Medina County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 69,127	\$ 71,094	\$ 71,095	\$ 1
Intergovernmental	9,873	9,447	13,261	3,814
Other	-	3,694	3,978	284
<i>Total receipts</i>	<u>79,000</u>	<u>84,235</u>	<u>88,334</u>	<u>4,099</u>
Disbursements				
Current:				
Public Safety	144,968	144,968	107,764	37,204
Capital Outlay	11,906	11,906	9,906	2,000
<i>Total Disbursements</i>	<u>156,874</u>	<u>156,874</u>	<u>117,670</u>	<u>39,204</u>
<i>Net Change in Fund Balance</i>	(77,874)	(72,639)	(29,336)	43,303
<i>Fund Balance Beginning of Year</i>	80,434	80,434	80,434	-
Prior Year Encumbrances Appropriated	<u>10,052</u>	<u>10,052</u>	<u>10,052</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 12,612</u>	<u>\$ 17,847</u>	<u>\$ 61,150</u>	<u>\$ 43,303</u>

See accompanying notes to the basic financial statements

Granger Township, Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 1 – Reporting Entity

Granger Township in Medina County, Ohio is a body politic and corporate established in 1820 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 Township Fiscal Officer.

The reporting entity is comprised of the primary government unit.

1) 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 cemeteries. The Township also provides fire protection and rescue squad service. Police protection is provided by the Medina County Sheriff's Department.

2) Component Units

Granger Township has no component units.

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

As discussed further in Note 2.C, these financial statements are presented on a 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. The Township has elected not to apply FASB pronouncements issued after November 30, 1989. Following are the more significant of the Township's accounting policies.

A. 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.

Note 2 - Summary of Significant Accounting Policies (continued)

1. 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 and do not include fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Granger Township has no business-type activities.

The statement of net assets presents the cash balance, of the governmental and business-type 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 or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

2. 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. Nonmajor funds are aggregated and presented in a single column.

B. 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 funds of the Township are governmental.

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major funds for 2005 include the General, Road and Bridge Fund, Fire Fund, and Fire Levy Fund.

Note 2 - Summary of Significant Accounting Policies (continued)

2. Major Funds

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 laws of Ohio.

The Road and Bridge Fund is used for road maintenance and improvement, including snow removal and salting.

The Fire Fund handles operating costs of the Fire Department, including payroll.

The Fire Levy Fund is also used for operating costs of the Fire Department, as well as capital equipment purchases.

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

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. 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.

As a result of the use of the 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 expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, 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 resolution 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, account, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. 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.

Note 2 - Summary of Significant Accounting Policies (continued)

The appropriations resolution 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 resolution 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.

E. 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 of the cash management pool and investments with an original maturity of three months or less at the time of purchase 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 (contra revenue), respectively.

During 2005, Granger Township invested in nonnegotiable certificates of deposit, and STAR Ohio. The nonnegotiable certificates of deposit are reported at cost. There is no Money Market account.

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, 2005.

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 2005 were \$36,270.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. 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.

H. 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.

Note 2 - Summary of Significant Accounting Policies (continued)

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

Granger Township has no full time employees and none earning accumulated leave.

K. 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. 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 any other financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid. Granger Township has no liabilities for bonds or other long-term obligations; nor do we have any capital leases or debt.

M. 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. Restricted net assets include FEMA and Grant monies.

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.

N. 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. Undesignated fund balances indicate that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Note 2 - Summary of Significant Accounting Policies (continued)

O. Interfund Transactions

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. There was neither type of transaction in 2005.

Note 3 - 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, Road and Bridge, Fire Special Levy, and Fire Special Revenue Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$14,194 for the General Fund; \$237 for the Fire Special Levy Fund; and \$2,139 for the Fire Special Revenue Fund.

Note 4 - 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 withdrawable 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. Granger Township has no inactive deposits.

Note 4 - Deposits and Investments (continued)

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;
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. Payment for investments may be made only upon delivery of the securities representing the investments to the Township or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Granger Township, Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 4 - Deposits and Investments (continued)

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$856,799 of the Township's bank balance of \$1,056,799 was exposed to custodial credit risk because those deposits were collateralized with securities held by the pledging financial institution's trust department or agent.

The Township complies with the requirement of State Statute that requires deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

As of December 31, 2005, the Township had the following investments:

	Carrying Value	Maturity
STAR Ohio	\$502,478	Average
Total Portfolio	\$502,478	

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase.

STAR Ohio carries a rating of AAA by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Granger Township, Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 5 - 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 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, 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 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, 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 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, 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.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$4.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$146,081,470
Industrial/Commercial	18,914,360
Tangible Personal Property	1,908,608
Public Utility Property	<u>4,030,330</u>
Total Assessed Value	<u>\$170,934,768</u>

Granger Township, Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 6 - Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005 the Township's property and liability coverage was administered through its agent. The Township carried a full line of insurance coverage as follows:

WESTFIELD INS. CO.

Property	\$3 Million	Total Coverage
Automobile	\$2 Million	Per Occurrence
General Liability	\$1 Million	Per Occurrence
Umbrella Liability	\$3 Million	Total Coverage

WESTERN WORLD INS. CO.

Fire Dept. Errors & Om. Liab.	\$500/1 Million	Per Occurrence
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ARCH INS. CO. 7/04 – 7/05

Public Officials Errors & Om. Liab.	\$1/3 Million	Per Occurrence
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UNITED NATIONAL INS. 7/05 – 7/06

Public Officials Errors & Om. Liab.	\$1/3 Million	Per Occurrence
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There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs. The Township participates in a Workers' Compensation Pool of the Ohio Township Association administered by the Frank Gates Company, which keeps the rate and cost to the Township lower.

Note 7 - Defined Benefit Pension Plan

A. 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.

Note 7- Defined Benefit Pension Plan (continued)

A. Ohio Public Employees Retirement System (continued)

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, 2005, 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. The Township's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$19,036, \$18,870, and \$18,592 respectively. The full amount has been contributed for 2005, 2004 and 2003.

B. Ohio Police and Fire Pension Fund

Granger Township has no police department and no full time firefighters; thus does not participate in the Ohio Police and Fire Pension Fund.

Note 8 - Post Employment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with the traditional plan. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional plan is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 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 (the latest information available), include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1 to 6 percent annually for the next eight years and 4 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.

Granger Township, Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 8 - Post Employment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$23,835. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 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.

Note 9 - Interfund Transfers/ Advances

In 2005, the Township advanced \$100,000 from the General Fund to the Fire District Levy Fund. The Fire District Levy Fund repaid the advance during the year.

Note 10 - Contingent Liabilities

The Township is a defendant in two lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

Note 11 - Change in Accounting Principle

In prior years, the Township presented its financial statements in accordance with accounting policies permitted or prescribed by the Auditor of State. This year, the Township implemented the Governmental Accounting Standards Board Statement Number 34 presentation.

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

**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**

Granger Township
Medina County
3717 Ridge Road
Medina, OH 44256

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining information of Granger Township, Medina County, (Township) as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated March 23, 2007, wherein we noted the Township uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the cash basis of accounting such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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, grants 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*.

This report is intended for the information and use of management, the audit committee 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.

March 23, 2007

**GRANGER TOWNSHIP
MEDINA COUNTY
DECEMBER 31, 2005**

STATUS OF PRIOR YEAR'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the years ending December 31, 2004 and 2003, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

GRANGER TOWNSHIP

MEDINA 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 11, 2007**