



Mary Taylor, CPA
Auditor of State

**TIFFIN TOWNSHIP
ADAMS COUNTY**

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ADAMS COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Tiffin Township
Adams County
10616 State Route 125
West Union, Ohio 45693

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 Tiffin Township, Adams County, Ohio (the Township), as of and for the year ended December 31, 2006 and 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 opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Tiffin Township, Adams County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gas Tax Fund, and Cemetery Fund, thereof for the year(s) then ended in conformity with the basis of accounting Note 1 describes.

For the years ended December 31, 2006 and 2005, 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*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 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.

Management's discussion and analysis is not a required part of the basic financial statements but are 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.

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

Mary Taylor, CPA
Auditor of State

August 20, 2007

Tiffin Township Local Government
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

This discussion and analysis of the Tiffin Township Local Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's modified 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 2006 and 2005 are as follows:

In 2006 net assets of governmental activities increased \$66,827 or 92 percent, a significant change from the prior year. The increase was due to the General Fund which received a large estate tax settlement in the amount of \$70,194. If the General Fund had not received the estate tax settlement there would have been approximately a 2 percent decrease in net assets for 2006 as compared to 2005.

The Township's general receipts are primarily property taxes, grants and entitlements not restricted to specific programs. In 2006 these receipts represent \$218,172 and 53 percent of the total cash received for governmental activities during the year. In 2005 these receipts represent \$152,009 and 46 percent of the total cash received for governmental activities during the year. In 2005. Property tax receipts for 2006 changed very little compared to 2005.

The Township received a grant in 2006 through the Ohio Public Works Commission for Phrase II of the Logan's Lane Resurfacing Project. The Township's share was paid from the Road and Bridge Fund and the Permissive Motor Vehicle Fund.

Revenue from the Gasoline Fund continued to be strong in 2006 and as a result the Township was able to spend \$17,613 on chip and seal for roads. The Trustees believe this is a good investment as the long range maintenance is less on these roads.

The Township paid \$8,869 in lease payments on a John Deere excavator. The Trustees feel it is a good investment as the excavator is often used for ditching, loading materials, installing culverts, drain pipes and catch basins, cleaning debris and downed trees, and removing stumps. In the past the Township had to rent the equipment from an out of town source.

A new cemetery section was opened April 1, 2006. To enhance upkeep and provide for better service they purchased a Columbarium to provide an alternative burial method for cremations, they also purchased a new riding mower, installed a new flag pole and 300 feet of new chain link fence, and purchased cornerstones for roadway lots which had been opened at an earlier date. In addition, they established Rules and Regulations for West Union Cemetery. Finally, revenue from the sale of lots did increase in 2006.

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 modified 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.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 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 nonfinancial 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.

Tiffin Township Local Government
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Reporting the Township'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. The funds of the Township are governmental.

Governmental Funds - Most 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 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 Township's major governmental funds are the General Fund, Gasoline Fund, Cemetery Fund, and Miscellaneous Capital Projects 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.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a modified cash basis:

Table I
Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$139,566	\$72,739
Total Assets	\$139,566	\$72,739
Net Assets		
Restricted for:		
Permanent Fund		
Expendable		\$89
Cemetery/Non-Expendable	\$2,890	\$2,890
Cemetery	\$15,465	\$14,470
Road Maintenance	32,341	31,328
Unrestricted	88,870	23,962
Total Net Assets	\$139,566	\$72,739

Tiffin Township Local Government
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

As mentioned previously, net assets of governmental activities increased \$66,827 or 92 percent during 2006. The primary reasons contributing to the increases and decreases in cash balances are as follows:

- The Township received \$70,194 in estate tax in 2006. Health care benefit costs for 2006 did not grow as anticipated because of changing health care providers.
- The total assessed value for property taxes in the Township decreased \$437,660 or 1 percent in 2006. This is due mostly in the decline of the Wal-Mart property value.
- The Township did chipping and sealing on some roads that were in poor condition, and revenue from the Gasoline Fund was used to do as much work as possible. Receipts for the Gasoline Fund for 2006 were \$87,851 and disbursements \$88,978; but the balance at the end of the year declined less than 5 percent.
- Charges for Services (Sale of Lots) increased significantly due to opening up a new section of cemetery.
- The Trustees are watchful of the General Fund. The General Fund collected approximately \$494 less in property taxes in 2006 as compared to 2005. Due to the decline in the property tax valuation of Wal-Mart this will be an ongoing matter.

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005.

Tiffin Township Local Government
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Table 2
Changes in Net Assets

	Governmental	
	Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$10,850	\$3,300
Operating Grants and Contributions	108,739	92,478
Capital Grants and Contributions	76,279	88,791
Total Program Receipts	<u>195,868</u>	<u>184,569</u>
General Receipts:		
Property and Other Local Taxes	99,880	100,630
Grants and Entitlements Not Restricted to Specific Programs	112,345	45,170
Interest	2,100	1,734
Miscellaneous	3,847	4,475
Total General Receipts	<u>218,172</u>	<u>152,009</u>
Total Receipts	<u>414,040</u>	<u>336,578</u>
Disbursements:		
General Government	74,878	77,092
Public Safety	9,185	9,454
Public Works	117,817	90,906
Public Health Services	29,078	31,756
Capital Outlay	97,576	96,747
Principal Retirement	17,157	13,873
Interest and Fiscal Charges	1,522	372
Total Disbursements	<u>347,213</u>	<u>320,200</u>
 Increase (Decrease) in Net Assets	 66,827	 16,378
 Net Assets, January 01	 <u>72,739</u>	 <u>56,361</u>
Net Assets, December 31	<u><u>\$139,567</u></u>	<u><u>\$72,739</u></u>

Tiffin Township Local Government
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

2006 program receipts represent only 49 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, fire levy monies, cemetery monies, and OPWC monies.

General receipts represent 51 percent of the Township's total receipts. State and federal grants and entitlements make up the balance of the Township's general receipts (53 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

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 the Board of Trustees and Fiscal Officer well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 35 percent of General Fund unrestricted receipts.

Public Safety is the cost of police and fire protection; Public Health Services is the health department; Public works is the cost of constructing and maintaining township roads. Capital Outlay is for the resurfacing of Logan's Lane.

Governmental Activities

If you look at the Statement of Activities on Exhibit A, 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 Public works and capital outlay which account for 62 percent of all governmental disbursements. General government also represents a significant cost, about 22 percent. The next three 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)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2006	2006	2005	2005
General Government	\$74,878	(\$74,878)	\$77,092	(\$77,092)
Public Safety	9,185	(9,185)	9,454	(9,454)
Public Works	117,817	(9,078)	90,906	1,572
Public Health Services	29,078	(18,228)	31,756	(28,456)
Capital Outlay	97,576	(21,297)	96,747	(7,956)
Principal Retirement	17,157	(17,157)	13,873	(13,873)
Interest and Fiscal Charges	1,522	(1,522)	372	(372)
Total Expenses	\$347,213	(\$151,345)	\$320,200	(\$135,631)

The dependence upon property and income tax receipts is apparent as over 28 percent of governmental activities are supported through these general receipts.

Tiffin Township Local Government
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The Township's Funds

Total governmental funds had receipts of \$414,040 and disbursements of \$347,213. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$64,908 as the result of receiving inheritance estate taxes in the amount of \$70,194; however, the General Fund did not achieve anticipated growth in property tax receipts.

General Fund receipts (without inheritance tax) were less than disbursements indicating that the General Fund is in a deficit spending situation. It was the recommendation of the Trustees and Fiscal Officer that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. Some of these reductions have already been implemented for 2007 including cuts in travel and expense, paying Trustees from Gasoline and Cemetery funds when their work is on road and cemetery issues, and getting bids on heat for township maintenance building which resulted in lower heating bills for 2006. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property and income taxes remains stagnant.

The Gasoline Fund receipts for 2006 were \$87,852 and disbursements were \$88,978, a deficit of \$1,126. The balance in the Gasoline Fund December 31, 2006 was \$23,397, and revenues are anticipated to be strong in 2007.

The 2006 Cemetery Fund receipts were \$39,587, and disbursements were \$38,592, resulting in an increase of \$995. Revenue for 2007 from sale of lots is not expected to be as good as 2006, but disbursements should also be lower because major improvements to West Union Cemetery were made in 2006.

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.

During 2006, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$108,633 while actual disbursements were \$86,572. Although receipts failed to live up to expectations, appropriations were not reduced. The Township kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the increase (due to inheritance tax) in fund balance of \$64,907 for 2006.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2006, the Township's outstanding debt included \$142,240 in general obligation bonds issued for road resurfacing, and \$28,438 in capital leases for facilities and equipment. For further information regarding the Township's debt, refer to Note 14 to the basic financial statements.

Current Issues

The challenge for all Townships 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 very little industry to support the tax base. Our newly prepared financial forecast predicts a deficit for 2007; therefore, the Trustees and Fiscal Officer implemented a strategy to delay the deficit. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. Therefore, each month the Township Trustees and Fiscal Officer will closely look at the revenue received, compare these figures with the previous year, monitor the disbursements, anticipate future spending and try to stay within the projected budget. Realizing there may not be future revenue in inheritance estate tax, they are hopeful of setting aside some of the monies received in 2006 for unexpected large emergency expenditures.

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 Sharon Chenoweth, Fiscal Officer, Tiffin Township Local Township, 111 Madonna Drive, West Union, OH 45693.

Tiffin Township
Adams County
Statement of Net Assets - Cash Basis
December 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$139,566
<i>Total Assets</i>	\$139,566
 Net Assets	
Restricted for:	
Permanent Fund Purpose:	
Nonexpendable	\$2,890.00
Other Purposes:	
Road Maintance	32,341
Cemetery	15,465
Unrestricted	88,870
<i>Total Net Assets</i>	\$139,566

See accompanying notes to the basic financial statements

Tiffin Township
Adams County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$74,878	\$0	\$0		(\$74,878)
Public Safety	9,185		0		(9,185)
Public Works	117,817		108,739		(9,078)
Health	29,078	10,850	0		(18,228)
Capital Outlay	97,576		0	\$76,279	(21,297)
Debt Service:					-
Principal Retirement	17,157		0		(17,157)
Interest and Fiscal Charges	1,522		0		(1,522)
<i>Total Governmental Activities</i>	<u>\$347,213</u>	<u>\$10,850</u>	<u>\$108,739</u>	<u>\$76,279</u>	<u>(151,345)</u>
General Receipts					
Property Taxes Levied for:					
General Purposes					99,880
Grants and Entitlements not Restricted to Specific Programs					112,345
Interest					2,100
Miscellaneous					3,847
<i>Total General Receipts</i>					<u>218,172</u>
Change in Net Assets					66,827
<i>Net Assets Beginning of Year</i>					<u>72,739</u>
<i>Net Assets End of Year</i>					<u>\$139,566</u>

Tiffin Township
Adams County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Gasoline Tax Fund	Cemetery	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$88,870	\$23,396	\$15,465	\$11,835	\$139,566
<i>Total Assets</i>	<u>\$88,870</u>	<u>\$23,396</u>	<u>\$15,465</u>	<u>\$11,835</u>	<u>\$139,566</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	88,870				88,870
Special Revenue Funds		23,396	15,465	8,945	47,806
Permanent Fund				2,890	2,890
<i>Total Fund Balances</i>	<u>\$88,870</u>	<u>\$23,396</u>	<u>\$15,465</u>	<u>\$11,835</u>	<u>\$139,566</u>

See accompanying notes to the basic financial statements

Tiffin Township
Adams County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax Fund	Cemetery	Logan's Lane Resurfacing Project Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$37,750		22,579		\$39,551	\$99,880
Intergovernmental	112,345	85,545	4,163	76,279	19,031	297,363
Interest	1,267	573			260	2,100
Other	0	1,734	12,845		0	14,579
<i>Total Receipts</i>	<u>151,362</u>	<u>87,852</u>	<u>39,587</u>	<u>76,279</u>	<u>58,842</u>	<u>413,922</u>
Disbursements						
Current:						
General Government	74,789	0			89	74,878
Public Safety	0	0			9,185	9,185
Public Works	0	88,978			28,839	117,817
Health	11,783	0	17,295		0	29,078
Capital Outlay	0	0	21,297	76,279	0	97,576
Debt Service:	0				0	0
Principal Retirement	0	0			17,157	17,157
Interest and Fiscal Charges	0	0			1,522	1,522
<i>Total Disbursements</i>	<u>86,572</u>	<u>88,978</u>	<u>38,592</u>	<u>76,279</u>	<u>56,792</u>	<u>347,213</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>64,790</u>	<u>(1,126)</u>	<u>995</u>	<u>0</u>	<u>2,050</u>	<u>66,709</u>
Other Financing Sources (Uses)						
Other Financing Sources	118					118
<i>Total Other Financing Sources (Uses)</i>	<u>118</u>	<u>0</u>	<u>0</u>		<u>0</u>	<u>118</u>
<i>Net Change in Fund Balances</i>	64,908	(1,126)	995	0	2,050	66,827
<i>Fund Balances Beginning of Year</i>	<u>23,962</u>	<u>24,525</u>	<u>14,470</u>	<u>0</u>	<u>9,782</u>	<u>72,739</u>
<i>Fund Balances End of Year</i>	<u>\$88,870</u>	<u>\$23,399</u>	<u>\$15,465</u>	<u>\$0</u>	<u>\$11,832</u>	<u>139,566</u>

See accompanying notes to the basic financial statements

**Tiffin Township
Adams County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis*

General Fund

For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$38,655	\$38,655	\$37,750	(\$905)
Intergovernmental	37,519	110,670	112,345	1,675
Interest	850	850	1,267	417
<i>Total receipts</i>	<u>77,024</u>	<u>150,175</u>	<u>151,362</u>	<u>\$1,187</u>
Disbursements				
Current:				
General Government	88,639	95,645	74,789	20,856
Health	12,348	12,988	11,783	1,205
<i>Total Disbursements</i>	<u>100,987</u>	<u>108,633</u>	<u>86,572</u>	<u>22,061</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(23,963)</u>	<u>41,542</u>	<u>64,790</u>	<u>23,248</u>
Other Financing Sources (Uses)				
Other Financing Sources	-	-	117	117
Other Financing Uses	-	(65,505)	-	65,505
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(65,505)</u>	<u>117</u>	<u>65,622</u>
<i>Net Change in Fund Balance</i>	<u>(23,963)</u>	<u>(23,963)</u>	<u>64,907</u>	<u>88,870</u>
<i>Fund Balance Beginning of Year</i>	<u>23,963</u>	<u>23,963</u>	<u>23,963</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>-</u>	<u>-</u>	<u>\$88,870</u>	<u>\$88,870</u>

See accompanying notes to the basic financial statements

**Tiffin Township
Adams County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis*

Gasoline Tax Fund

For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 55,178	\$ 85,178	\$ 85,545	\$ 367
Interest	325	325	573	248
Miscellaneous	-	-	1,734	1,734
<i>Total receipts</i>	<u>55,503</u>	<u>85,503</u>	<u>87,852</u>	<u>2,349</u>
Disbursements				
Current:				
Public Works	<u>80,026</u>	<u>110,026</u>	<u>88,978</u>	<u>21,048</u>
<i>Total Disbursements</i>	<u>80,026</u>	<u>110,026</u>	<u>88,978</u>	<u>21,048</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,523)</u>	<u>(24,523)</u>	<u>(1,126)</u>	<u>23,397</u>
<i>Net Change in Fund Balance</i>	<u>(24,523)</u>	<u>(24,523)</u>	<u>(1,126)</u>	<u>23,397</u>
<i>Fund Balance Beginning of Year</i>	<u>24,523</u>	<u>24,523</u>	<u>24,523</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>\$23,397</u></u>	<u><u>\$23,397</u></u>

See accompanying notes to the basic financial statements

**Tiffin Township
Adams County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis*

Cemetery Fund

For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Tax	\$21,618	\$21,618	\$22,579	961
Intergovernmental	3,400	3,400	4,163	763
Miscellaneous	3,000	11,295	12,845	1,550
<i>Total receipts</i>	<u>28,018</u>	<u>36,313</u>	<u>39,587</u>	<u>3,274</u>
Disbursements				
Current:				
Health	28,018	29,401	17,295	12,106
Capital Outlay	14,470	21,382	21,297	85
<i>Total Disbursements</i>	<u>42,488</u>	<u>50,783</u>	<u>38,592</u>	<u>12,191</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(14,470)</u>	<u>(14,470)</u>	<u>995</u>	<u>15,465</u>
<i>Net Change in Fund Balance</i>	<u>(14,470)</u>	<u>(14,470)</u>	<u>995</u>	<u>15,465</u>
<i>Fund Balance Beginning of Year</i>	<u>14,470</u>	<u>14,470</u>	<u>14,470</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>\$15,465</u></u>	<u><u>\$15,465</u></u>

See accompanying notes to the basic financial statements

Tiffin Township
Adams County
Statement of Net Assets - Cash Basis
December 31, 2005

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$72,739
<i>Total Assets</i>	\$72,739
 Net Assets	
Restricted for:	
Permanent Fund Purpose:	
Expendable	\$89
Nonexpendable	2,890
Road Maintenance	31,328
Cemetery	14,470
Unrestricted	23,962
<i>Total Net Assets</i>	\$72,739

See accompanying notes to the basic financial statements

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

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$77,092				(\$77,092)
Public Safety	9,454				(9,454)
Public Works	90,906		\$92,478		1,572
Health	31,756	\$3,300			(28,456)
Capital Outlay	96,747			\$88,791	(7,956)
Debt Service:					
Principal Retirement	13,873				(13,873)
Interest and Fiscal Charges	372				(372)
<i>Total Governmental Activities</i>	<u>\$320,200</u>	<u>\$3,300</u>	<u>\$92,478</u>	<u>\$88,791</u>	<u>(135,631)</u>
General Receipts					
Property Taxes Levied for:					
General Purposes					100,630
Grants and Entitlements not Restricted to Specific Programs					45,170
Interest					1,734
Miscellaneous					4,475
<i>Total General Receipts</i>					<u>152,009</u>
Change in Net Assets					16,378
<i>Net Assets Beginning of Year</i>					<u>56,361</u>
<i>Net Assets End of Year</i>					<u>\$72,739</u>

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

	General	Gasoline Tax Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$23,962	\$24,525	\$24,252	\$72,739
<i>Total Assets</i>	<u>\$23,962</u>	<u>\$24,525</u>	<u>\$24,252</u>	<u>\$72,739</u>
Fund Balances				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	23,962			23,962
Special Revenue Funds		24,525	21,274	45,799
Permanent Fund		0	2,978	2,978
<i>Total Fund Balances</i>	<u>\$23,962</u>	<u>\$24,525</u>	<u>\$24,252</u>	<u>\$72,739</u>

See accompanying notes to the basic financial statements

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

	General	Gasoline Tax Fund	Logan's Lane Resurfacing Project Fund	Cemetery Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$38,244			\$22,755	\$39,631	\$100,630
Intergovernmental	45,170	73,230	88,791	3,444	15,804	226,439
Interest	1,077	423			234	1,734
Other		38		4,817	2,898	7,753
<i>Total Receipts</i>	<u>84,491</u>	<u>73,691</u>	<u>88,791</u>	<u>31,016</u>	<u>58,567</u>	<u>336,556</u>
Disbursements						
Current:						
General Government	77,093					77,093
Public Safety					9,454	9,454
Public Works		57,162			33,744	90,906
Health	6,345	0		25,411		31,756
Capital Outlay	1,478	1,477	88,791	5,000		96,746
Debt Service:						
Principal Retirement					13,873	13,873
Interest and Fiscal Charges					372	372
<i>Total Disbursements</i>	<u>84,916</u>	<u>58,639</u>	<u>88,791</u>	<u>30,411</u>	<u>57,443</u>	<u>320,200</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(425)</u>	<u>15,052</u>	<u>0</u>	<u>605</u>	<u>1,124</u>	<u>16,356</u>
Other Financing Sources (Uses)						
Other Financing Sources	22					22
<i>Total Other Financing Sources (Uses)</i>	<u>22</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22</u>
<i>Net Change in Fund Balances</i>	(403)	15,052	0	605	1,124	16,378
<i>Fund Balances Beginning of Year</i>	<u>24,365</u>	<u>9,473</u>	<u>0</u>	<u>13,865</u>	<u>8,658</u>	<u>56,361</u>
<i>Fund Balances End of Year</i>	<u>\$23,962</u>	<u>\$24,525</u>	<u>\$0</u>	<u>\$14,470</u>	<u>\$9,782</u>	<u>\$72,739</u>

See accompanying notes to the basic financial statements

**Tiffin Township
Adams County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis*

General Fund

For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$39,271	\$39,271	\$38,244	(\$1,027)
Intergovernmental	38,019	38,019	45,170	7,151
Interest	800	800	1,077	277
<i>Total receipts</i>	<u>78,090</u>	<u>78,090</u>	<u>84,491</u>	<u>6,401</u>
Disbursements				
Current:				
General Government	94,955	93,702	77,093	16,609
Health	7,500	7,275	6,345	930
Capital Outlay	-	1,478	1,478	-
<i>Total Disbursements</i>	<u>102,455</u>	<u>102,455</u>	<u>84,916</u>	<u>17,539</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,365)</u>	<u>(24,365)</u>	<u>(425)</u>	<u>23,940</u>
Other Financing Sources (Uses)				
Other Financing Sources	-	-	22	22
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>22</u>	<u>22</u>
<i>Net Change in Fund Balance</i>	<u>(24,365)</u>	<u>(24,365)</u>	<u>(403)</u>	<u>23,962</u>
<i>Fund Balance Beginning of Year</i>	<u>24,365</u>	<u>24,365</u>	<u>24,365</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>-</u>	<u>-</u>	<u>\$23,962</u>	<u>\$23,962</u>

See accompanying notes to the basic financial statements

Tiffin Township
Adams County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 53,721	\$ 73,721	\$ 73,230	\$ (491)
Interest	165	165	423	258
Miscellaneous	-	-	38	38
<i>Total receipts</i>	53,886	73,886	73,691	(195)
Disbursements				
Current:				
Public Works	63,359	81,881	57,162	24,719
Capital Outlay	-	1,478	1,478	-
<i>Total Disbursements</i>	63,359	83,359	58,640	24,719
<i>Excess of Receipts Over (Under) Disbursements</i>	(9,473)	(9,473)	15,051	24,524
<i>Net Change in Fund Balance</i>	(9,473)	(9,473)	15,051	24,524
<i>Fund Balance Beginning of Year</i>	9,473	9,473	9,473	-
<i>Fund Balance End of Year</i>	-	-	\$24,524	\$24,524

See accompanying notes to the basic financial statements

**Tiffin Township
Adams County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis*

Cemetery Fund

For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Tax	\$ 22,649	\$ 22,649	\$ 22,755	\$ 106
Intergovernmental	2,104	2,104	3,443	1,339
Charges for Services	3,000	3,000	3,300	300
Interest	225	225	-	(225)
Miscellaneous	-	1,518	1,518	-
<i>Total receipts</i>	27,978	29,496	31,016	1,520
Disbursements				
Current:				
Health	33,332	30,222	25,411	4,811
Capital Outlay	8,511	13,139	5,000	8,139
<i>Total Disbursements</i>	41,843	43,361	30,411	12,950
<i>Excess of Receipts Over (Under) Disbursements</i>	(13,865)	(13,865)	605	14,470
<i>Net Change in Fund Balance</i>	(13,865)	(13,865)	605	14,470
<i>Fund Balance Beginning of Year</i>	13,865	13,865	13,865	-
<i>Fund Balance End of Year</i>	-	-	\$ 14,470	\$ 14,470

See accompanying notes to the basic financial statements

Tiffin Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 1 – Reporting Entity

The Tiffin Township, Adams County, Ohio (the Township), is a body politic and corporate established in 1806 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.

A. 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, and cemetery maintenance. The Township contracts with the Village of West Union for fire protection.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified 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. 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.

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 nonexchange 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 is self-financing on a cash basis or draws from the Township's general receipts.

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.

Note 2 – Summary of Significant Accounting Policies (Continued)

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 classified as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Township's major governmental funds:

General Fund – The General Fund is the general operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund. 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 Fund – This fund receives gasoline tax to pay for constructing, maintaining and repairing Township roads.

Cemetery Fund – This fund receives property tax money to maintain the cemeteries.

Logan Lane Resurfacing Project Fund – This fund receives monies from the Ohio Public Works Commission. The grant received was for public works and completely disbursed for its intended purpose.

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. 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.

D. Budgetary Process

All funds, except agency 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 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.

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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.

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.

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".

During 2006 and 2005, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

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 2006 was \$1,267 and during 2005 was \$1,077.

F. 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.

G. 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 Township's *modified* cash basis of accounting.

H. 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 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. 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.

Note 2 – Summary of Significant Accounting Policies (continued)

J. 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. Restricted net assets represent \$50,696 of a total fund balance of \$139,566 in 2006 and \$48,777 of a total fund balance of \$72,739 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 and any major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The Township did not have any encumbrances outstanding at December 31, 2006 or 2005.

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.

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;

Note 4 – Deposits and Investments (continued)

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.

Deposits

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 2006, \$39,566 of the Township's bank balance of \$139,566 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that 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.

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 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, 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 real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility property tax receipts received in 2006 represent the collection of 2005 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.

Tiffin Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 5 – Property Taxes (continued)

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 tax receipts received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. 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 and 2006, was \$2.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 (2006) property tax receipts were based are as follows:

Real Property	<u>2005</u>	<u>2006</u>
Residential	\$36,599,080	37,090,140
Agricultural	6,153,650	6,049,720
Commercial/Industrial/Mineral	15,247,780	14,933,770
Tangible Personal Property		
Business	5,570,150	4,514,860
Public Utility	3,957,480	4,021,310
Total Assessed Value	<u>\$67,528,140</u>	<u>\$66,609,800</u>

Note 6 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim 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 \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

Tiffin Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 6 – Risk Management (Continued)

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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 government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005.

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members

Tiffin Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 6 – Risk Management (Continued)

when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$ 9,144. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2004	\$4,984
2005	\$5,187
2006	\$4,572

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 – Debt

The Township's long-term debt activity for the year ended December 31, 2006, was as follows:

	Interest Rate	Balance December 31 2006
Ohio Public Works Commission		\$142,240
Ohio Township Association Leasing, LLC	4.78%	<u>28,438</u>
Total		<u>\$170,678</u>

The Ohio Public Works Commission Loan was issued in 2003 and bears no interest. This loan is collateralized by local government revenue.

Tiffin Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 7 – Debt (Continued)

The following is a summary of the Township's future annual debt service requirements:

Year	<u>Principal</u>
2007	\$9,810
2008	9,810
2009	9,810
2010	9,810
2011	9,810
2012–2016	49,048
2017–2021	44,142
Totals	<u><u>\$142,240</u></u>

Note 8 – Leases

The Tiffin Township Board of Trustees entered into a Renewable Lease-Purchase Agreement for a John Deere 35D Compact Excavator on August 31, 2005. The Township disbursed \$7,347 to pay lease costs for the year ended December 31, 2006 and \$4,063 for December 31, 2005. Future lease payments are as follows (next five years individually then five year increments):

Year	<u>Principal and Interest</u>
2007	\$8,869
2008	8,869
2009	8,869
2010	4,435
Total	<u><u>\$31,042</u></u>

Note 9 – Construction and Contractual Commitments

The Township entered into an agreement with the Adams County Highway Department, Village of West Union, Village of Winchester, Village of Seaman, Sprigg Township Trustees, and Liberty Township Trustees to apply for funds through the State Issue 2 Program and the Local Transportation Improvement Program. The Township's portion was for Logan's Lane Resurfacing Phrase II. The Township's share of cost was \$13,461 or 15 percent, and the project was completed in July 2006. The Ohio Public Works Commission paid \$76,279 or 85 percent of the project.

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Subsequent Events

The Board of Tiffin Township Trustees voted at the January 03, 2007 meeting to buyout the lease on the John Deere excavator. This will release monies in the General, Gasoline and Motor Vehicle License funds. The payment for the buyout will come from the estate tax received in 2006 and deposited in the General Fund. The released monies from the Gasoline and Motor Vehicle License funds will provide extra revenue to be used for chip, seal, and maintenance of Township roads in 2007.

Tiffin Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 11 – Subsequent Events (Continued)

The Cemetery/Non-Expendable interest for 2006 was not received until January, 2007.

The tax levy for the cemetery expires at the end of 2007. The trustees are hopeful this will be renewed at the General Election in November of 2007.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Tiffin Township
Adams County
1016 State Route 125
West Union, Ohio 45693

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tiffin Township, Adams County, Ohio (the Township), as of and for the year ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 20, 2007. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control 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 audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined 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 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 its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement. 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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses as defined above.

We noted certain matters that we reported to the Township's management in a separate letter dated August 20, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We also noted a certain matter that we reported to the Township's management in a separate letter dated August 20, 2007.

We intend this report solely for the information and use of the audit committee, management, Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 20, 2007

TIFFIN TOWNSHIP
ADAMS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	5705.41(B) Expenditures exceeding Appropriations.	Yes	



Mary Taylor, CPA
Auditor of State

TIFFIN TOWNSHIP

ADAMS 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
OCTOBER 4, 2007**