

Tiffin Township  
Adams County, Ohio

Regular Audit

For the Years Ended December 31, 2010  
Fiscal Years Audited Under GAGAS: 2010



**Balestra, Harr & Scherer, CPAs, Inc.**

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# Dave Yost • Auditor of State

Board of Trustees  
Tiffin Township  
111 Madonna Drive  
West Union, Ohio 45693

We have reviewed the *Independent Auditor's Report* of Tiffin Township, Adams County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2010 through December 31, 2010. 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. Tiffin Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

May 20, 2011

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Tiffin Township  
 Adams County, Ohio  
 For the Years Ended December 31, 2010  
 Table of Contents

Title	Page
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets — Modified Cash Basis As of December 31, 2010.....	10
Statement of Activities – Modified Cash Basis For the Year Ended December 31, 2010 .....	11
Fund Financial Statements:	
Statement of Modified Cash Basis Assets and Fund Balances Governmental Funds As of December 31, 2010.....	12
Statement of Receipts, Disbursements and Changes in Modified Cash Basis Fund Balance – Governmental Funds For the Year Ended December 31, 2010 .....	13
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis General Fund For the Year Ended December 31, 2010 .....	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual—Budget Basis Gasoline Tax Fund For the Year Ended December 31, 2010 .....	15
Statement of Receipts, Disbursements and Changes in Fund Balance—Budget and Actual—Budget Basis Cemetery Fund For the Year Ended December 31, 2010 .....	16
Notes to the Financial Statements .....	17
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	28

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### Independent Auditor's Report

Board of Trustees  
Tiffin Township  
Adams County  
111 Madonna Drive  
West Union, Ohio 45693

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, 2010 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. We believe our audit provides a reasonable basis for our opinion.

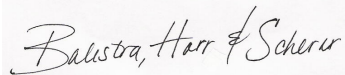
As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

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, 2010, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Gasoline Tax Fund, and the Cemetery Fund, thereof for the years then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2011, 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.

Board of Trustees  
Tiffin Township  
Independent Auditors' Report

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.



Balestra, Harr & Scherer, CPAs, Inc.

April 27, 2011



Tiffin Township Local Government  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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This discussion and analysis of the Tiffin Township Local Government's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2010, 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 2010 are as follows:

Net assets of governmental activities increased \$49,729, or 26 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2010; however, cost increases affected most funds.

The Township's general receipts are primarily property taxes, grants, and entitlements not restricted to specific programs. These receipts represent respectively \$245,069 and 52 percent of the total cash received for governmental activities during the year. Property tax receipts for 2010 changed very little compared to 2009 as development within the Township has slowed.

The General Fund balance increased because \$94,863 was receipted in 2010 from estate taxes. The estate tax carry-over balance to begin 2010 was \$95,969. When estate tax figures are taken from the year-end balances of the General Fund there would be a decrease of \$17,497 or 60 percent for 2010.

Some of the estate tax monies were used to purchase equipment, i.e. Ford F550 dump truck, strobe lighting package, snow plow, salt spreader and communication radios.

A long-range improvement plan of the Trustees is to chip and seal as many roads as possible each year, and this was accomplished in 2010 by chipping and sealing 2.5 miles. A flood in May 2010 damaged some roads, but the overall benefits of chip and seal were realized.

All roads in West Union Cemetery have been improved in the last two years. The major roads were paved in 2009, and in 2010 the remaining ones were leveled and a gravel base put down.

An Ohio Public Works Commission grant was received by the Township for resurfacing Rosselot Road. Rosselot Road is now being used as an access road to the new West Union Elementary School, West Union High School, and the Ohio Valley Career and Technical Center, and it is important for public safety to keep it in good condition.

A five-year renewal Fire Levy was placed on the November 02, 2010 ballot and approved by the voters in Tiffin Township.

**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.

Tiffin Township Local Government  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified 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 2010, within the limitations of modified 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.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified 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 and income taxes.

**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.

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 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 Capital Projects. 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.

Tiffin Township Local Government  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2010 compared to 2009 on a modified cash basis:

(Table 1)  
**Net Assets**

	<u>Governmental Activities</u>		Increase/ (Decrease)
	<u>2010</u>	<u>2009</u>	
<b>Assets</b>			
Cash and Cash Equivalents	\$ 150,478	\$ 190,749	\$ (40,271)
Investments	92,890	2,890	90,000
Total Assets	<u>\$ 243,368</u>	<u>\$ 193,639</u>	<u>\$ 49,729</u>
<b>Net Assets</b>			
Restricted for:			
Cemetery Expendable	\$ -	\$ 104	\$ (104)
Cemetery Non-Expendable	2,890	2,890	0
Other Purposes	67,649	65,374	2,275
Unrestricted	<u>172,829</u>	<u>125,271</u>	<u>47,558</u>
Total Net Assets	<u>\$ 243,368</u>	<u>\$ 193,639</u>	<u>\$ 49,729</u>

As mentioned previously, net assets of governmental activities increased \$ 49,729 or 26 percent during 2010. The primary reasons contributing to the increases in cash balances were explained on Page 3. Other contributing factors for 2010 cash balances are as follows:

- Revenue slightly declined for the second year from property taxes, while expenses continue to increase. Major disbursements from the General Fund were liability insurance from \$4,891 to \$7,425 or 52 percent increase, payment of \$4,169 for grant writer for Rosselot Road resurfacing project, \$21,852 for health insurance, and \$6,674 to the health department, a slight increase of 3 percent from 2009.
- Although property tax revenue decreased, assessed value of property taxes in 2010 increased \$624,800,000 or 1 percent.
- Health care benefits increased at the anniversary date on June 1<sup>st</sup> by 5.5 percent.
- Revenue from the road funds decreased by \$5,071 in 2010 with \$2,907 from the Gasoline Fund. The Gasoline Fund in 2009 had an increase of 8 percent, and a 2010 decrease of 3 percent. This could be a concern for the Township as most major disbursement for roads come from the Gasoline Fund, such as \$21,783 for chip and seal, \$10,337 for gravel and hauling, purchase of a trailer \$8,000, repair \$2,462, fuel, and salaries for Trustees and Road Superintendent.
- The Cemetery Fund revenue increased by five percent; \$30,768 in 2010 from \$29,339 in 2009. Although property taxes slightly decreased, the overall increase can be accounted from sale of lots of \$3,925 in 2010 from \$775 in 2009.

Tiffin Township Local Government  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

Table 2 reflects the changes in net assets on a modified cash basis in 2010 and 2009 for governmental activities.

(Table 2)

**Changes in Net Assets**

	Governmental Activities		Increase/ (Decrease)
	2010	2009	
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 4,900	\$ 2,982	\$ 1,918
Operating Grants and Contributions	105,490	115,945	(10,455)
Capital Grants and Contributions	108,652	-	-
Total Program Receipts	<u>219,042</u>	<u>118,927</u>	<u>100,115</u>
General Receipts:			
Property and Other Local Taxes	109,010	110,705	(1,695)
Other Taxes	34	33	1
Grants and Entitlements Not Restricted to Specific Programs	131,707	99,930	31,777
Interest	307	551	(244)
Miscellaneous	4,011	1,313	2,698
Total General Receipts	<u>245,069</u>	<u>212,532</u>	<u>32,537</u>
Total Receipts	<u>464,111</u>	<u>331,459</u>	<u>132,652</u>

(Table 2)

**Changes in Net Assets (Continued)**

Disbursements:			
General Government	81,016	84,376	(3,360)
Public Safety	9,733	9,951	(218)
Public Works	131,983	126,386	5,597
Public Health Services	35,163	32,284	2,879
Capital Outlay	146,677	33,879	112,798
Principal Retirement	9,810	9,809	1
Total Disbursements	<u>414,382</u>	<u>296,685</u>	<u>117,697</u>
Increase (Decrease) in Net Assets	49,729	34,774	14,955
Net Assets, January 1, 20CY	<u>193,639</u>	<u>158,865</u>	<u>34,774</u>
Net Assets, December 31, 20CY	<u>\$ 243,368</u>	<u>\$ 193,639</u>	<u>\$ 49,729</u>

Program receipts represent 47 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, road and bridge, permissive motor vehicle license, fire levy, and cemetery monies.

Tiffin Township Local Government  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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General receipts represent 47 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 Board of Trustees, Fiscal Officer, Auditor fees and grant writer. Since these costs do not represent direct services to residents, we try to limit these costs to 34 percent of General Fund unrestricted receipts.

Public Safety is the cost of fire protection and cemetery non-expendable care of cemetery; Public Works is the cost of maintaining and keeping the roads safe for all residents of Tiffin Township; included in Public Health Services is the health department; and Human Services cost is for indigent burials. Capital Outlay is maintaining roads and purchase of equipment.

**Governmental Activities**

If you look at the Statement of Activities, 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 Safety and Public Works, which account for \$141,717 and 34 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 20 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	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services
	2010	2010	2009	2009
General Government	\$ 81,016	\$ (81,016)	\$ 84,376	\$ (84,376)
Public Safety	\$9,733	(\$9,734)	\$9,951	(\$9,951)
Public Works	131,983	(26,493)	126,386	(10,441)
Public Health Services	35,163	(30,263)	32,284	(29,302)
Capital Outlay	146,677	(38,025)	33,879	(33,879)
Principal Retirement	9,810	(9,809)	9,809	(9,809)
<b>Total Expenses</b>	<b>\$ 414,382</b>	<b>\$ (195,340)</b>	<b>\$ 296,685</b>	<b>\$ (177,758)</b>

The dependence upon property and other tax receipts is apparent as over 25 percent of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$464,111 and disbursements of \$414,382. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$47,558 as the result of receiving estate tax revenue.

Tiffin Township Local Government  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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General Fund receipts were more than disbursements by \$47,558. When looking at the numbers for the General Fund receipts \$175,357 one must remember they include the 2010 estate tax of \$94,863, making actual receipts of \$81,219. Additionally, disbursements of \$128,525 included the capital outlay of \$38,025 from estate tax, making usual disbursements of \$90,500. Taking out the estate tax and capital outlay figures, the General Fund deficit was \$9,281 for receipts and disbursements in 2010. The General Fund is in a deficit spending situation. It is the recommendation of the Board of 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 2011 to continue to pay Trustees from Gasoline and Cemetery funds when their work is on road and cemetery issues as indicated by time sheets. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property taxes remains stagnant.

Gasoline fund receipts fell 3 percent from \$91,098 in 2009 to \$89,002 in 2010. Disbursements increased from \$87,283 to \$89,380 for 2010. Because of the strong carryover balance from 2009 the Gasoline Fund will start 2011 with a good balance of \$37,193.

As previously mentioned, Cemetery receipts were up in 2010 by 5 percent. Disbursements also increased 10 percent from \$25,331 in 2009 to \$27,879 in 2010. However, the Cemetery Fund to start 2011 will be 18 percent higher than 2010.

The Capital Project fund received state monies for a chip and seal project. All of the receipts and expenditures in this fund was used for this project.

### **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 2010, the Township did not change the General Fund budget when the estate tax monies were received because the Trustees did not anticipate the need to appropriate this revenue. Final budgeted receipts were the same as original budgeted receipts

Final disbursements were budgeted at \$203,802 while actual disbursements were \$128,524. The Township kept spending well below to budgeted amounts as demonstrated by the minor reported variances. The result is the increase in fund balance of \$47,558 for 2010.

### **Debt Administration**

#### **Debt**

At December 31, 2010, the Township's outstanding debt included \$103,003 in general obligation bonds issued for Gatewood-Page School Road Restructuring. For further information regarding the Township's debt, refer to Note 9 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 property taxes and have very little industry to support the tax base. The Board of Trustees is given financial reports for review each month. There are spreadsheets available that can be used to compare spending in the current year with previous years. These are helpful to anticipate what may be needed for public safety in maintaining roads, culverts, ditches, and equipment as the year progresses. Revenue numbers are closely monitored as the Township tries to stay on budget, and changes in amended certificates are requested when needed. The Township's goal is for disbursements not to exceed receipts, not to rely on carryover balances, and end the year with strong balances in all funds.

Tiffin Township Local Government  
Management's Discussion and Analysis  
For the Year Ended December 31, 2010  
Unaudited

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**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of Tiffin 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 K. Chenoweth, Fiscal Officer, Tiffin Township, 111 Madonna Drive, West Union, OH 45693.

**Tiffin Township, Adams County**  
*Statement of Net Assets - Modified Cash Basis*  
*As of December 31, 2010*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 150,478
Investments	92,890
<i>Total Assets</i>	\$ 243,368
<b>Net Assets</b>	
Restricted for:	
Permanent Fund: Care of Cemetery	
NonExpendable	\$ 2,890
Other Purposes	67,649
Unrestricted	172,829
<i>Total Net Assets</i>	\$ 243,368

See accompanying notes to the basic financial statements.



**Tiffin Township, Adams County**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2010*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$ 81,016	\$ -	\$ -	\$ -	\$ (81,016)
Public Safety	9,733	-	-	-	(9,733)
Public Works	131,983	-	105,490	-	(26,493)
Health	35,163	4,900	-	-	(30,263)
Capital Outlay	146,677	-	-	108,652	(38,025)
Debt Service:					
Principal	9,810	-	-	-	(9,810)
<i>Total Governmental Activities</i>	<u>\$ 414,382</u>	<u>\$ 4,900</u>	<u>\$ 105,490</u>	<u>\$ 108,652</u>	<u>\$ (195,340)</u>
<b>General Receipts</b>					
Property Taxes Levied for:					
General Purposes					109,010
Other Purposes					34
Grants and Entitlements not Restricted to Specific Programs					131,707
Interest					307
Miscellaneous					4,011
<i>Total General Receipts</i>					<u>245,069</u>
Change in Net Assets					49,729
<i>Net Assets - Beginning of Year</i>					<u>193,639</u>
<i>Net Assets - End of Year</i>					<u>\$ 243,368</u>

See accompanying notes to the basic financial statements.

**Tiffin Township, Adams County**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*As of December 31, 2010*

	General Fund	Gasoline Tax Fund	Cemetery Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 82,829	\$ 37,193	\$ 18,927	\$ -	\$ 11,529	\$ 150,478
Investments	90,000	-	-	-	2,890	92,890
<i>Total Assets</i>	<u>\$ 172,829</u>	<u>\$ 37,193</u>	<u>\$ 18,927</u>	<u>\$ -</u>	<u>\$ 14,419</u>	<u>\$ 243,368</u>
<b>Fund Balances</b>						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$ 172,829	\$ -	\$ -	\$ -	\$ -	\$ 172,829
Special Revenue Funds	-	37,193	18,927	-	11,529	67,649
Permanent Fund	-	-	-	-	2,890	2,890
<i>Total Fund Balances</i>	<u>\$ 172,829</u>	<u>\$ 37,193</u>	<u>\$ 18,927</u>	<u>\$ -</u>	<u>\$ 14,419</u>	<u>\$243,368</u>

See accompanying notes to the basic financial statements.

**Tiffin Township, Adams County**  
*Statement of Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2010*

	General Fund	Gasoline Tax Fund	Cemetery Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$ 43,417	\$ -	\$ 23,709	\$ -	\$ 41,918	\$ 109,044
Intergovernmental	131,707	87,889	2,158	108,652	15,443	345,849
Earnings on Investments	233	51	-	-	23	307
Other	-	1,062	4,900	-	2,223	8,185
<i>Total Receipts</i>	<u>175,357</u>	<u>89,002</u>	<u>30,767</u>	<u>108,652</u>	<u>59,607</u>	<u>463,385</u>
<b>Disbursements</b>						
Current:						
General Government	81,016	-	-	-	-	81,016
Public Safety	-	-	-	-	9,733	9,733
Public Works	2,200	89,380	-	-	40,403	131,983
Health	7,284	-	27,879	-	-	35,163
Capital Outlay	38,025	-	-	108,652	-	146,677
Debt Service:						
Principal Retirement	-	-	-	-	9,810	9,810
<i>Total Disbursements</i>	<u>128,525</u>	<u>89,380</u>	<u>27,879</u>	<u>108,652</u>	<u>59,946</u>	<u>414,382</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>46,832</u>	<u>(378)</u>	<u>2,888</u>	<u>-</u>	<u>(339)</u>	<u>49,003</u>
<b>Other Financing Sources</b>						
Other Financing Sources	726	-	-	-	-	726
<i>Total Other Financing Sources</i>	<u>726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>726</u>
<i>Net Change in Fund Balances</i>	47,558	(378)	2,888	-	(339)	49,729
<i>Fund Balances - Beginning of Year</i>	<u>125,271</u>	<u>37,571</u>	<u>16,039</u>	<u>-</u>	<u>14,758</u>	<u>193,639</u>
<i>Fund Balances - End of Year</i>	<u>\$ 172,829</u>	<u>\$ 37,193</u>	<u>\$ 18,927</u>	<u>\$ -</u>	<u>\$ 14,419</u>	<u>\$ 243,368</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, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 43,270	\$ 43,270	\$ 43,417	\$ 147
Intergovernmental	35,111	35,111	131,707	96,596
Interest	150	150	233	83
<i>Total Receipts</i>	78,531	78,531	175,357	96,826
<b>Disbursements</b>				
Current:				
General Government	88,554	96,599	81,016	15,583
Public Works	8,279	4,154	2,200	1,954
Health	9,000	9,000	7,284	1,716
Human Services	2,000	2,000	-	2,000
Other	-	-	-	-
Capital Outlay	95,969	92,049	38,025	54,024
<i>Total Disbursements</i>	203,802	203,802	128,525	75,277
<i>Excess of Receipts Over (Under) Disbursements</i>	(125,271)	(125,271)	46,832	172,103
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources	-	-	726	726
<i>Total Other Financing Sources (Uses)</i>	-	-	726	726
<i>Net Change in Fund Balance</i>	(125,271)	(125,271)	47,558	172,829
<i>Fund Balance Beginning of Year</i>	125,271	125,271	125,271	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ 172,829	\$ 172,829

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, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$ 86,651	\$ 86,651	\$ 87,889	\$ 1,238
Interest	20	20	51	31
Other	-	-	1,061	1,061
<i>Total Receipts</i>	<u>86,671</u>	<u>86,671</u>	<u>89,001</u>	<u>2,330</u>
<b>Disbursements</b>				
Current:				
Public Works	<u>124,242</u>	<u>124,242</u>	<u>89,379</u>	<u>34,863</u>
<i>Total Disbursements</i>	<u>124,242</u>	<u>124,242</u>	<u>89,379</u>	<u>34,863</u>
<i>Net Change in Fund Balance</i>	(37,571)	(37,571)	(378)	37,193
<i>Fund Balance Beginning of Year</i>	<u>37,571</u>	<u>37,571</u>	<u>37,571</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,193</u>	<u>\$ 37,193</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, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 23,806	\$ 23,806	\$ 23,709	\$ (97)
Intergovernmental	2,100	2,100	2,155	55
Other	3,000	3,000	4,900	1,900
<i>Total Receipts</i>	<u>28,906</u>	<u>28,906</u>	<u>30,764</u>	<u>1,858</u>
<b>Disbursements</b>				
Current:				
Health	37,365	38,065	27,879	10,186
Capital Outlay	7,579	6,879	-	6,879
<i>Total Disbursements</i>	<u>44,944</u>	<u>44,944</u>	<u>27,879</u>	<u>17,065</u>
<i>Net Change in Fund Balance</i>	(16,038)	(16,038)	2,885	18,923
<i>Fund Balance Beginning of Year</i>	<u>16,039</u>	<u>16,039</u>	<u>16,039</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 18,924</u>	<u>\$ 18,923</u>

See accompanying notes to the basic financial statements.

**Note 1 – Reporting Entity**

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.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**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. Police protection is provided by the Adams County Sheriff's Department.

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 modified cash basis of accounting. This modified 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 modified cash basis of accounting. The 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 and investment balances, and debt 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 modified cash basis or draws from the Township's general receipts.

**Note 2 – Summary of Significant Accounting Policies** (continued)

**Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. 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 classified 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 excise tax to pay for constructing, maintaining, and repairing Township roads.

Cemetery Fund – This fund accounts for all finances available to the Township through property tax and sale of cemetery lots. The Cemetery Fund balance is used for upkeep, maintenance, and care of 12 cemeteries in Tiffin Township.

Capital Projects Fund – This fund accounts for Ohio Public Works Commission monies received for a chip and seal project of Township roads.

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

As a result of the use of this modified 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.



**Note 2 – Summary of Significant Accounting Policies** (continued)

**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.

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 certificate 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".

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2010, the Township invested in nonnegotiable certificates of deposit at Adams County Building and Loan. The nonnegotiable certificates of deposit are reported at cost. One certificate is a cemetery-non-expendable certificate of deposit in the amount of \$2,890, and the interest is spent every year for the intended use, care of the cemetery. In November 2010, the Township transferred by check \$90,000 of estate tax monies from the General Fund to the Adams County Building and Loan for a certificate of deposit for 18 months with the interest to be reinvested in the certificate and a condition of no penalty for early withdrawal of part or all of the monies.

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, 2010. The Township does not have any investments in STAR Ohio.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the Township during 2010 were \$233 to the General Fund, \$51 to the Gasoline Fund, and \$23 to other Governmental funds.

Tiffin Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**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. Restricted assets at the end of 2010 represent \$2,890 in the Permanent Fund, and only the interest can be used for care of cemetery. Other restricted assets at the end of 2010 were \$4,453 in Motor Vehicle License Fund, \$37,193 in Gasoline Fund, \$1,578 in Road and Bridge

Fund, and \$5,498 in Permissive Motor Vehicle License Fund. There was \$18,927 in restricted assets in the Cemetery Fund, which are for the care and maintenance of all cemeteries in Tiffin Township.

**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.

Inventories resulting from cash transactions are presented at cost on a first-in, first out basis and are reported as disbursements when used. Prepaid items are reported as disbursements when consumed.

**H. 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.

**I. 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 healthcare benefits.

**J. Long-Term Obligations**

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

**K. 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. Net assets restricted for other purposes include resources restricted for maintenance or roads and related expenses and upkeep, maintenance, and care of cemeteries in Tiffin Township. 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 \$70,539 of a total funds balance of \$243,368 in 2010.

**Note 2 – Summary of Significant Accounting Policies** (continued)

**L. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods, and for 2010 the Township did not have any fund balance reserves.

**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 is (and any major special revenue fund 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 modified cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis)). The Township did not have any encumbrances outstanding at December 31, 2010.

**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;
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;

Tiffin Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

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**Note 4 – Deposits and Investments** (continued)

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

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.

Investments

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.”

Investment Type	Investment Maturities (in Years)		
	Carrying Value	Less than 1	1-2
Certificate of Deposit	\$ 92,890	\$ 0	\$ 92,890
Total Investments	\$ 92,890	\$ 0	\$ 92,890

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from interest rates and according to state law, the Township’s does not have an investment policy.

Concentration of Credit Risk – The Township places no limit on the amount that may be invested in any on issuer.

Investment Type	Fair Value	% of Total
Certificate of Deposit	\$92,890	100
Total	\$92,890	100

Tiffin Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

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**Note 5 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2010 for real and public utility property taxes represents collections of the 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) is for 2009 taxes.

2010 real property taxes are levied after October 1, 2009 on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

Real property taxes are payable annually or semi-annually. 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 tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes which became a lien on December 31, 2009, are levied after October 1, 2009, and are collected in 2009 with real property taxes.

2009 tangible property taxes are levied after October 1, 2009, on the value as of December 31, 2009. Collections are made in 2010. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2009, was \$2.50 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2010 property tax receipts were based are as follows:

Real Property	\$64,351,630
Public Utility Property	4,381,810
Tangible Personal Property	1,411,130
Total Assessed Values	\$70,144,570

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**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 2010, the Township contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
OTARMA	Commercial Property	\$135,800
	General Liability	3,000,000
	Automobile Liability	3,000,000
	Wrongful Acts	3,000,000
	Vehicle	57,900
	Errors and Omissions	500,000
	Public Officials	3,000,000
	Misc Property	199,463

**Note 6 – Risk Management** (continued)

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township is contracted with Anthem Blue Cross/Blue Shield Ohio Group to provide health and life insurance for officials and employees.

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 townships 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 \$13,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to the annual aggregate limit of \$10,000,000.

Property Coverage

Travelers Indemnity Company reinsures specific losses exceeding \$500,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$150,000 up to \$500,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides property aggregate stop-loss coverage to APEEP based upon the combined Members' Total Insurable Value (TIV). If the stop loss is reached by payment of the Pools retained losses, Travelers will then reinsure property specific losses in excess of the retention up to their \$600,000,000 per occurrence limit. Additionally, effective January 1, 2009, APEEP provides an additional aggregate for the \$50,000 excess \$100,000 layer, with the aggregate limit tied to TIV, for the insurance coverages to the Pools.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

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

Tiffin Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

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**Note 6 – Risk Management** (continued)

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, 2009 and 2008 (the latest information available):

<u>Casualty Coverage</u>	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	<u>12,880,766</u>	<u>12,981,818</u>
Retained earnings	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, casualty coverage liabilities noted above include approximately \$12.0 million and \$12.1 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$11.5 million and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively.

These amounts will be included in future contributions from members when the related claims are due for payment. The Township’s share of these unpaid claims collectible in future years is approximately \$10,000.00. 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 charged by OTARMA 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 liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Townships contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2010	\$4891
2009	4529
2008	4549

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– Defined Benefit Pension Plan**

A. Ohio Public Employees Retirement System

Plan Description - 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.

**Note 7– Defined Benefit Pension Plan (continued)**

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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

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) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll, public safety members contributed 11.10 percent and law enforcement members contributed 11.10 percent.

The Township’s contribution rate for 2010 was 14 percent. For the period January 1, through March 31, 2009, a portion of the Township’s contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent.

Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent. The Township’s required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$9,575, \$8,586, and \$10,704 respectively. The full amount has been contributed for 2010, 2009 and 2008. Contributions to the member-directed plan for 2010 were \$9,575 made by the Township and \$6,840 made by the plan members.

**Note 8 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer’s contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.



Tiffin Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2010

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**Note 8 - Postemployment Benefits** (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14 percent of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7 percent of covered payroll from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2010, 2009, and 2008 were \$4,009, \$5,352, and \$4,637 respectively; 100 percent has been contributed for 2010, 2009 and 2008.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

**Note 9 – Debt**

The Township's long-term debt activity for the year ended December 31, 2010, was as follows:

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2004 Issue (\$176,573.70)	0.00%	\$112,813	\$0	\$9,810	\$103,003	\$9,810

The general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Township's future annual debt service requirements: (next five years individually then five year increments)

Year	Principal
2011	\$ 9,810
2012	9,810
2013	9,810
2014	9,810
2015	9,810
2016-2022	49,051
2021	4,902
Totals	\$ 103,003



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Board of Trustees  
Tiffin Township  
Adams County  
111 Madonna Drive  
West Union, Ohio 45693

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, 2010, which collectively comprise the Township’s basic financial statements and have issued our report thereon dated April 27, 2011, wherein we noted the Township followed the modified cash basis of accounting. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township’s financial statement will not be prevented, or detected and timely corrected.

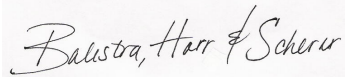
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

**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 we must report under *Government Auditing Standards*.

Board of Trustees  
Tiffin Township  
Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Required by *Government Auditing Standards*  
Page 2

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



Balestra, Harr & Scherer, CPAs, Inc.  
April 27, 2011

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# Dave Yost • 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  
JUNE 2, 2011**