



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



TIFFIN TOWNSHIP  
DEFIANCE COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center  
Suite 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Tiffin Township  
Defiance County  
21907 Rethmel Road  
Defiance, Ohio 43512-9636

To the Board of Trustees:

We have audited the accompanying financial statements of Tiffin Township (the Township) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2002, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Tiffin Township  
Defiance County  
Report of Independent Accountants  
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This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

June 20, 2002

**TIFFIN TOWNSHIP  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$2,743	\$135,016			\$137,759
Intergovernmental	67,363	110,832	\$36,331		214,526
Special Assessments		2,546			2,546
Licenses, Permits, and Fees	3,605	2,475			6,080
Gifts and Donations				\$105	105
Earnings on Investments	7,044	1,437	609	3,372	12,462
Other Revenue	13,624	24,838			38,462
	<u>94,379</u>	<u>277,144</u>	<u>36,940</u>	<u>3,477</u>	<u>411,940</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	66,070				66,070
Public Safety		28,336			28,336
Public Works		160,741			160,741
Health	7,352	2,515			9,867
Conservation - Recreation	842				842
Supplies and Materials				14	14
Capital Outlay	5,313	77,346	36,331		118,990
	<u>79,577</u>	<u>268,938</u>	<u>36,331</u>	<u>14</u>	<u>384,860</u>
<b>Total Cash Disbursements</b>					
Total Cash Receipts Over Cash Disbursements	14,802	8,206	609	3,463	27,080
Fund Cash Balances, January 1	70,210	117,979	20,750	70,053	278,992
<b>Fund Cash Balances, December 31</b>	<u><b>\$85,012</b></u>	<u><b>\$126,185</b></u>	<u><b>\$21,359</b></u>	<u><b>\$73,516</b></u>	<u><b>\$306,072</b></u>

*The notes to the financial statements are an integral part of this statement.*

**TIFFIN TOWNSHIP  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$2,781	\$137,756			\$140,537
Intergovernmental	60,000	79,619	\$15,740		155,359
Special Assessments		2,431			2,431
Charges for Services	6,994				6,994
Licenses, Permits, and Fees	2,700	4,275			6,975
Gifts and Donations				\$180	180
Earnings on Investments	9,115	1,865		2,587	13,567
Other Revenue	5,765	2,606	8,000		16,371
	<u>87,355</u>	<u>228,552</u>	<u>23,740</u>	<u>2,767</u>	<u>342,414</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	48,528				48,528
Public Safety		18,860			18,860
Public Works		190,859			190,859
Health	8,442	4,103			12,545
Capital Outlay	2,889	12,435	15,740		31,064
	<u>59,859</u>	<u>226,257</u>	<u>15,740</u>		<u>301,856</u>
<b>Total Cash Disbursements</b>					
Total Cash Receipts Over Cash Disbursements	27,496	2,295	8,000	2,767	40,558
Fund Cash Balances, January 1	42,714	115,684	12,750	67,286	238,434
<b>Fund Cash Balances, December 31</b>	<u><b>\$70,210</b></u>	<u><b>\$117,979</b></u>	<u><b>\$20,750</b></u>	<u><b>\$70,053</b></u>	<u><b>\$278,992</b></u>

*The notes to the financial statements are an integral part of this statement.*

**TIFFIN TOWNSHIP  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Tiffin Township (the Township) is a body corporate and politic established 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 provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical services. The Township contracts with the City of Defiance to provide ambulance services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and 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 disbursements, respectively.

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. 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.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**TIFFIN TOWNSHIP  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

*Road and Bridge Fund* – This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

*Gasoline Tax Fund* – This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

*Road District Fund* – This fund receives property tax money from the maintenance and repair of Township roads.

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

*State Share of Issue II – LTIP Fund* – The Township receives grants from the State of Ohio to repair and maintain Township roads.

**4. Fiduciary Funds (Trust and Agency Funds)**

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

*Brace Estate Fund* – This fund is an expendable trust fund used to account for interest revenue and expenditures made out of the Brace Estate bequest.

*Cemetery Bequests Fund* – This fund is a nonexpendable trust fund used to account for expenditures made on behalf of the Township cemetery.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**TIFFIN TOWNSHIP  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. Encumbrances**

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2001	2000
Demand deposits	\$213,820	\$211,445
Certificates of deposit	69,000	67,547
STAR Ohio	23,252	
Total deposits and investments	\$306,072	\$278,992

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$62,493	\$94,379	\$31,886
Special Revenue	264,120	277,144	13,024
Capital Projects	36,331	36,940	609
Fiduciary	2,180	3,477	1,297
Total	\$365,124	\$411,940	\$46,816

**TIFFIN TOWNSHIP  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$130,867	\$79,577	\$51,290
Special Revenue	352,920	268,938	83,982
Capital Projects	57,081	36,331	20,750
Fiduciary	54,872	14	54,858
Total	<u>\$595,740</u>	<u>\$384,860</u>	<u>\$210,880</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$60,793	\$87,355	\$26,562
Special Revenue	203,407	228,552	25,145
Capital Projects	23,740	23,740	
Fiduciary	2,180	2,767	587
Total	<u>\$290,120</u>	<u>\$342,414</u>	<u>\$52,294</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$103,300	\$59,859	\$43,441
Special Revenue	315,400	226,257	89,143
Capital Projects	28,490	15,740	12,750
Fiduciary	54,125	54,125	
Total	<u>\$501,315</u>	<u>\$301,856</u>	<u>\$199,459</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**TIFFIN TOWNSHIP  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**6. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and their expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center  
Suite 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Tiffin Township  
Defiance County  
21907 Rethmel Road  
Defiance, Ohio 43512-9636

To the Board of Trustees:

We have audited the accompanying financial statements of Tiffin Township (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 20, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 20, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 20, 2002.

Tiffin Township  
Defiance County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

June 20, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**TIFFIN TOWNSHIP**

**DEFIANCE 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  
JULY 11, 2002**