

**TOD TOWNSHIP**  
**CRAWFORD COUNTY**  
REPORT ON FINANCIAL STATEMENTS  
DECEMBER 31, 2006





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Tod Township  
2666 Marion-Melmore Road  
Bucyrus, Ohio 44820

We have reviewed the *Independent Auditors' Report* of Tod Township, Crawford County, prepared by Holbrook & Manter, for the audit period January 1, 2006 through December 31, 2006. 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. Tod Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 21, 2008

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Tod Township  
Crawford County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tod Township, Crawford County, Ohio, (the Township) as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

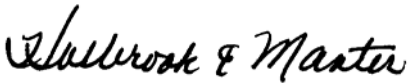
As discussed in Note 2, the Township has prepared these financial statements using the modified cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Tod Township, Crawford County, as of December 31, 2006, and the respective changes in modified cash basis financial position and the respective budgetary comparison for the General, Gasoline Tax and Cemetery Funds thereof for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2008 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Certified Public Accountants

June 20, 2008



**TOD TOWNSHIP  
CRAWFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(UNAUDITED)**

This discussion and analysis of Tod Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2006 are as follows:

Net assets of governmental activities decreased \$22,482, or 17 percent, a significant change from the prior year. All funds except for the Road and Bridge Fund registered a decrease this year, partly as a result of an unanticipated paving project.

Review of the remaining special revenue funds, along with the General Fund, indicates that receipts and disbursements changed very little from 2005 to 2006, except in the Gasoline Tax Fund, which showed a 266 percent increase, or \$100,880, over expected revenue (\$60,900) for a total for the year of \$161,780. However, much of that fund increase was a result of receiving Issue II Funds for Knauss Road Paving project (\$32,262) and the sale of Township equipment (\$29,250), detailed below. Removing those revenues from the total shows a more realistic increase of 165%, a result of greater gasoline tax receipts and the interest on those monies.

Other major projects for the year included purchase of an acre parcel directly adjacent to the west of Oceola Cemetery #3 (\$5,576), purchase of a used dump truck and plow (\$6,500) as well as an auction of the Township's 1994 pickup truck/ plow and 1995 large dump truck/ plow, and two paving projects: 1) 2.53 miles of Knauss Road with Issue II funds (total cost, including Issue II monies, of \$96,143) and 2) 1.36 miles of Crawford- Wyandot Line Road (\$41,406).

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on the 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.

**TOD TOWNSHIP  
CRAWFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(UNAUDITED)**

**Basis of Accounting** (continued)

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 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the 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 Government's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township is shown to have only governmental activities. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are only governmental. 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, the Gasoline Tax fund, and the Cemetery fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**TOD TOWNSHIP  
CRAWFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(UNAUDITED)**

**The Government as a Whole**

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

(Table 1)  
**Net Assets**

|                           | <b>Governmental Activities</b> |                          |
|---------------------------|--------------------------------|--------------------------|
|                           | <b><u>2006</u></b>             | <b><u>2005</u></b>       |
| <b>Assets</b>             |                                |                          |
| Cash and Cash Equivalents | \$ 34,480                      | \$ 31,552                |
| Investments               | <u>73,979</u>                  | <u>99,389</u>            |
| <b>Total Assets</b>       | <b><u>\$ 108,459</u></b>       | <b><u>\$ 130,941</u></b> |
| <b>Net Assets</b>         |                                |                          |
| Other Purposes            | \$ 83,186                      | \$ 102,781               |
| Unrestricted              | <u>25,273</u>                  | <u>28,160</u>            |
| <b>Total Net Assets</b>   | <b><u>\$ 108,459</u></b>       | <b><u>\$ 130,941</u></b> |

As mentioned previously, net assets of governmental activities decreased \$22,482 or 17 percent during 2006. The primary reasons contributing to the increase in cash balances are as follows:

- The Township had significant expenditures in two paving projects, due to the notification from the state regarding Issue II funding for Knauss Road after the County Line Road project was already underway. As this paving was a joint project with Lykens Township, it was difficult to discontinue participation as such action would have jeopardized Lykens' ability to continue their paving.
- The Township continues to see, at best, no growth in revenues for the General Fund, to the point that a portion of the salaries of the trustees is now taken from the gasoline tax fund.

**TOD TOWNSHIP  
CRAWFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(UNAUDITED)**

Table 2 reflects the changes in net assets in 2006.

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

|  | <b>Governmental Activities</b> |                    |
|--|--------------------------------|--------------------|
|  | <u><b>2006</b></u>             | <u><b>2005</b></u> |
| <b>Receipts:</b>   |                                |                    |
| Program Receipts:  |                                |                    |
| Charges for services   | \$ 4,200                       | \$ 1,300           |
| Operating Grants and Contributions                             | 106,022                        | 88,470             |
| Capital Grants and Contributions                               | <u>32,262</u>                  | <u>0</u>           |
| Total Program Receipts   | 142,484                        | 89,770             |
| General Receipts:  |                                |                    |
| Property and Other Local Taxes                                 | 19,310                         | 18,439             |
| Other Taxes  | 1,855                          | 0                  |
| Grants and Entitlements Not Restricted<br>to Specific Programs | 17,866                         | 21,580             |
| Interest   | 5,217                          | 5,058              |
| Miscellaneous  | <u>36,396</u>                  | <u>2,949</u>       |
| Total General Receipts   | <u>80,644</u>                  | <u>48,026</u>      |
| Total Receipts   | <u>223,128</u>                 | <u>137,796</u>     |
| Disbursements:   |                                |                    |
| General Government   | 33,450                         | 41,404             |
| Public Works   | 162,502                        | 64,341             |
| Public Health  | 9,210                          | 2,715              |
| Capital outlay   | <u>40,448</u>                  | <u>66,902</u>      |
| Total Disbursements  | <u>245,610</u>                 | <u>175,362</u>     |
| Excess Before Transfers  | ( 22,482)                      | ( 37,566)          |
| Net Assets, January 1  | <u>130,941</u>                 | <u>168,507</u>     |
| Net Assets, December 31  | <u>\$ 108,459</u>              | <u>\$ 130,941</u>  |

**TOD TOWNSHIP-  
CRAWFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(UNAUDITED)**

Program receipts represent only 64 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license fees and gasoline taxes.

General receipts represent 36 percent of the Township's total receipts, and of this amount, in 2006, over 23 percent are derived from local taxes. State and federal grants and entitlements make up 22 percent of the Township's general receipts. Other receipts, such as interest income and miscellaneous, which in 2006 comprised almost 52 percent of all general receipts (inflated by the sale of two Township trucks), are somewhat unpredictable revenue sources and do not represent a typical year of revenues in this category.

Disbursements for general government represent the overhead cost of running the Township and the support services provided for the other Township activities. In 2006, these costs totaled \$33,450, and represent 14 percent of total disbursements. These included salaries and related costs (retirement and Medicare, etc.) of the trustees, clerk, and hourly employees. With reduced estates taxes, the General Fund is no longer able to fully support the general government costs, thus one half of the trustees' salaries are supported by the Gasoline Tax Fund.

**Governmental Activities**

If you look at the 2006 Statement of Activities, you will see that the first column lists the major services provided by the Township. The next columns identify the costs of providing these services. The major program disbursements for governmental activities are for public works and general government, which account for 66 and 14 percent of all governmental disbursements, respectively. 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 Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)  
Governmental Activities**

|                    | <b>Total Cost<br/>Of Services<br/>2006</b> | <b>Net Cost<br/>of Services<br/>2006</b> | <b>Total Cost<br/>Of Services<br/>2005</b> | <b>Net Cost<br/>of Services<br/>2005</b> |
|--------------------|--|--|--|--|
| General Government | \$ 33,450                                  | \$ ( 33,450)                             | \$ 41,404                                  | \$ ( 41,404)                             |
| Public Works       | 162,502                                    | ( 24,218)                                | 64,341                                     | 24,129                                   |
| Public Health      | 9,210                                      | ( 5,010)                                 | 2,715                                      | ( 1,415)                                 |
| Capital Outlay     | <u>40,448</u>                              | <u>( 40,448)</u>                         | <u>66,902</u>                              | <u>( 66,902)</u>                         |
| Total Expenses     | <u>\$ 245,610</u>                          | <u>\$ ( 103,126)</u>                     | <u>\$ 175,362</u>                          | <u>\$ ( 85,592)</u>                      |

**TOD TOWNSHIP  
CRAWFORD COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(UNAUDITED)**

**The Township's Funds**

Total governmental funds had receipts of \$220,717 and disbursements of \$245,610. The greatest change within governmental funds occurred within the Gas Tax Fund. The fund balance of the Gasoline Tax Fund decreased by \$17,479 as the result of providing funding for one half of the trustees' salaries and for two major paving projects.

General Fund receipts were less than disbursements indicating that the General Fund continues in a deficit spending situation. This situation will be partially corrected by limiting expenditures for equipment and machinery. These limited purchases will still not completely offset the increase in salaries. Therefore, it was the recommendation of the Fiscal Officer that a portion of the salaries for trustees be taken from the Gasoline Tax Fund. These changes will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property and income taxes remains stagnant.

**General Fund Budgeting Highlights**

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

During 2006, the government amended its General Fund budget several times to reflect changing circumstances. The unexpected release of Issue II paving funds for a joint project with Lykens Township required that the budget be amended to allow for gasoline tax receipts, in excess of the amount originally budgeted, as well as the funds from the sale of a Township dump truck to be added to the appropriations for the year so that the Township could take advantage of the Issue II funding and complete the paving project.

Final disbursements were budgeted at \$59,542 while actual disbursements were \$42,084. Careful control over spending ensured that the General Fund disbursements were not exceeded.

**Current Issues**

The challenge for the Township is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. The Township relies heavily on local taxes and has very limited industry to support the local tax base. The Township will continue to follow a plan of prudent spending to avoid an increase in local taxes.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the 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 Kimberly Koehler, Fiscal Officer, Tod Township, 2666 Marion-Melmore Road, Bucyrus, OH, 44820.

**TOD TOWNSHIP**  
**CRAWFORD COUNTY**  
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
AS OF DECEMBER 31, 2006

|                         | <u>Governmental<br/>Activities</u> |
|-------------------------|------------------------------------|
| <b>Assets:-</b>         |                                    |
| Cash                    | 34,480                             |
| Investments             | \$ <u>73,979</u>                   |
| <b>Total assets</b>     | <b>\$ <u><u>108,459</u></u></b>    |
| <br>                    |                                    |
| <b>Net Assets:-</b>     |                                    |
| Unrestricted            | \$ 25,273                          |
| Other purposes          | <u>83,186</u>                      |
| <b>Total net assets</b> | <b>\$ <u><u>108,459</u></u></b>    |

See accompanying notes to the basic financial statements

**TOD TOWNSHIP**  
**CRAWFORD COUNTY**  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

|   | Program Cash Receipts |                                      |  |  | Net (Disbursements)<br>Receipts and<br>Changes in Net Assets |                      |
|---|-----------------------|--------------------------------------|--|--|--|----------------------|
|   | Cash<br>Disbursements | Charges<br>for Services<br>and Sales | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                                   | Total                |
| <b>Governmental Activities:-</b>                            |                       |                                      |  |  |  |                      |
| General government  | \$ 33,450             | \$ 0                                 | \$ 0                                     | \$ 0                                   | \$ ( 33,450)   | \$ ( 33,450)         |
| Public works  | 162,502               | 0                                    | 106,022                                  | 32,262                                 | ( 24,218)  | ( 24,218)            |
| Health  | 9,210                 | 4,200                                | 0  | 0                                      | ( 5,010)   | ( 5,010)             |
| Capital outlay  | 40,448                | 0                                    | 0  | 0                                      | ( 40,448)  | ( 40,448)            |
| <b>Total governmental activities</b>                        | <u>\$ 245,610</u>     | <u>\$ 4,200</u>                      | <u>\$ 106,022</u>                        | <u>\$ 32,262</u>                       | <u>\$ ( 103,126)</u>   | <u>\$ ( 103,126)</u> |
| <br>  |                       |                                      |  |  |  |                      |
| <b>General Receipts:-</b>                                   |                       |                                      |  |  |  |                      |
| Property taxes  |                       |                                      |  |  | \$ 19,310  | \$ 19,310            |
| Other taxes   |                       |                                      |  |  | 1,855  | 1,855                |
| Grants and entitlements not restricted to specific programs |                       |                                      |  |  | 17,866   | 17,866               |
| Earnings on investments                                     |                       |                                      |  |  | 5,217  | 5,217                |
| Miscellaneous   |                       |                                      |  |  | 36,396   | 36,396               |
| Total general receipts                                      |                       |                                      |  |  | 80,644   | 80,644               |
| Change in net assets  |                       |                                      |  |  | ( 22,482)  | ( 22,482)            |
| Net assets beginning of year                                |                       |                                      |  |  | 130,941  | 130,941              |
| <b>Net assets at end of year</b>                            |                       |                                      |  |  | <u>\$ 108,459</u>  | <u>\$ 108,459</u>    |

See accompanying notes to the basic financial statements



**TOD TOWNSHIP**  
**CRAWFORD COUNTY**  
STATEMENT OF ASSETS AND FUND BALANCES MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2006

**ASSETS**

|                     | <b>General</b>   | <b>Gasoline<br/>Tax</b> | <b>Cemetery</b>  | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---------------------|------------------|-------------------------|------------------|---|---|
| Cash                | 17,319           | 13,513                  | 285              | 3,363                                   | 34,480                                  |
| Investments         | \$ 7,954         | 50,640                  | 14,735           | 650                                     | 73,979                                  |
| <b>Total assets</b> | <b>\$ 25,273</b> | <b>\$ 64,153</b>        | <b>\$ 15,020</b> | <b>\$ 4,013</b>                         | <b>\$ 108,459</b>                       |

**FUND BALANCES**

|                             |                  |                  |                  |                 |                   |
|-----------------------------|------------------|------------------|------------------|-----------------|-------------------|
| Unreserved:-                |                  |                  |                  |                 |                   |
| Undesignated, reported in:- |                  |                  |                  |                 |                   |
| General fund                | \$ 25,273        | 0                | \$ 0             | \$ 0            | \$ 25,273         |
| Special revenue funds       | <u>0</u>         | <u>64,153</u>    | <u>15,020</u>    | <u>4,013</u>    | <u>83,186</u>     |
| <b>Total fund balances</b>  | <b>\$ 25,273</b> | <b>\$ 64,153</b> | <b>\$ 15,020</b> | <b>\$ 4,013</b> | <b>\$ 108,459</b> |

See accompanying notes to the basic financial statements

**TOD TOWNSHIP  
CRAWFORD COUNTY**

STATEMENT OF MODIFIED CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
- MODIFIED CASH BASIS GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

|  | <u>General</u>   | <u>Gasoline<br/>Tax</u> | <u>Cemetery</u>  | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|------------------|-------------------------|------------------|---|---|
| <b>Receipts:-</b>                                |                  |                         |                  |   |   |
| Property and other local taxes                   | \$ 11,622        | \$ 0                    | \$ 0             | \$ 7,688                                | \$ 19,310                               |
| Licenses, permits, and fees                      | 4,631            | 0                       | 0                | 0                                       | 4,631                                   |
| Intergovernmental                                | 18,743           | 129,171                 | 0                | 10,092                                  | 158,006                                 |
| Earnings on investments                          | 1,790            | 3,360                   | 0                | 67                                      | 5,217                                   |
| Miscellaneous                                    | <u>0</u>         | <u>29,250</u>           | <u>4,303</u>     | <u>0</u>                                | <u>33,553</u>                           |
| Total receipts                                   | 36,786           | 161,781                 | 4,303            | 17,847                                  | 220,717                                 |
| <b>Disbursements:-</b>                           |                  |                         |                  |   |   |
| Current:-  |                  |                         |                  |   |   |
| General government                               | 33,450           | 0                       | 0                | 0                                       | 33,450                                  |
| Public works                                     | 0                | 147,543                 | 0                | 14,959                                  | 162,502                                 |
| Health   | 8,634            | 0                       | 576              | 0                                       | 9,210                                   |
| Capital outlay                                   | <u>0</u>         | <u>31,717</u>           | <u>5,000</u>     | <u>3,731</u>                            | <u>40,448</u>                           |
| Total disbursements                              | <u>42,084</u>    | <u>179,260</u>          | <u>5,576</u>     | <u>18,690</u>                           | <u>245,610</u>                          |
| Excess of receipts over<br>(under) disbursements | <u>( 5,298)</u>  | <u>( 17,479)</u>        | <u>( 1,273)</u>  | <u>( 843)</u>                           | <u>( 24,893)</u>                        |
| <b>Other Financing Sources (Uses):-</b>          |                  |                         |                  |   |   |
| Advances in                                      | 20,000           | 20,000                  | 0                | 0                                       | 40,000                                  |
| Advances out                                     | ( 20,000)        | ( 20,000)               | 0                | 0                                       | ( 40,000)                               |
| Other financing sources                          | <u>2,411</u>     | <u>0</u>                | <u>0</u>         | <u>0</u>                                | <u>2,411</u>                            |
| Total other financing sources                    | <u>2,411</u>     | <u>0</u>                | <u>0</u>         | <u>0</u>                                | <u>2,411</u>                            |
| Net change in fund balances                      | ( 2,887)         | ( 17,479)               | ( 1,273)         | ( 843)                                  | ( 22,482)                               |
| Fund balances beginning of year                  | <u>28,160</u>    | <u>81,632</u>           | <u>16,293</u>    | <u>4,856</u>                            | <u>130,941</u>                          |
| <b>Fund balances end of year</b>                 | <u>\$ 25,273</u> | <u>\$ 64,153</u>        | <u>\$ 15,020</u> | <u>\$ 4,013</u>                         | <u>\$ 108,459</u>                       |

See accompanying notes to the basic financial statements

**TOD TOWNSHIP**  
**CRAWFORD COUNTY**  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

|   | <u>Budgeted Amounts</u> |                    | <u>Actual</u>           | <b>(Optional)</b>   |
|---|-------------------------|--------------------|-------------------------|---|
|   | <u>Original</u>         | <u>Final</u>       |                         | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
| <b>Receipts:-</b>                             |                         |                    |                         |   |
| Property and other local taxes                | \$ 11,155               | \$ 11,155          | \$ 11,622               | \$ 467  |
| Licenses, permits, and fees                   | 1,500                   | 1,500              | 4,631                   | 3,131   |
| Intergovernmental                             | 17,420                  | 17,420             | 18,743                  | 1,323   |
| Earning on investments                        | <u>1,500</u>            | <u>1,500</u>       | <u>1,790</u>            | <u>290</u>  |
| Total receipts                                | 31,575                  | 31,575             | 36,786                  | 5,211   |
| <b>Disbursements:-</b>                        |                         |                    |                         |   |
| General government                            | 46,442                  | 45,442             | 33,450                  | 11,992  |
| Public works                                  | 1,600                   | 1,600              | 0                       | 1,600   |
| Health  | 10,700                  | 11,700             | 8,634                   | 3,066   |
| Capital outlay                                | <u>800</u>              | <u>800</u>         | <u>0</u>                | <u>800</u>  |
| Total disbursements                           | <u>59,542</u>           | <u>59,542</u>      | <u>42,084</u>           | <u>17,458</u>   |
| Excess of receipts over (under) disbursements | <u>( 27,967)</u>        | <u>( 27,967)</u>   | <u>( 5,298)</u>         | <u>22,669</u>   |
| <b>Other Financing Sources (Uses):-</b>       |                         |                    |                         |   |
| Advances in                                   | 0                       | 0                  | 20,000                  | 20,000  |
| Advances out                                  | 0                       | 0                  | ( 20,000)               | ( 20,000)   |
| Other financing sources                       | 100                     | 100                | 2,411                   | 2,311   |
| Other financing uses                          | <u>( 293)</u>           | <u>( 293)</u>      | <u>0</u>                | <u>293</u>  |
| Total other financing sources (uses)          | <u>( 193)</u>           | <u>( 193)</u>      | <u>2,411</u>            | <u>2,604</u>  |
| Net change in fund balance                    | ( 28,160)               | ( 28,160)          | ( 2,887)                | 25,273  |
| Fund balance beginning of year                | <u>28,160</u>           | <u>28,160</u>      | <u>28,160</u>           | <u>0</u>  |
| <b>Fund balance end of year</b>               | <u><u>\$ 0</u></u>      | <u><u>\$ 0</u></u> | <u><u>\$ 25,273</u></u> | <u><u>\$ 25,273</u></u>   |

See accompanying notes to the basic financial statements

**TOD TOWNSHIP**  
**CRAWFORD COUNTY**  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GASOLINE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

|   | <u>Budgeted Amounts</u> |                     | <u>Actual</u>    | <b>(Optional)</b>   |
|---|-------------------------|---------------------|------------------|---|
|   | <u>Original</u>         | <u>Final</u>        |                  | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
| <b>Receipts:-</b>                             |                         |                     |                  |   |
| Intergovernmental                             | \$ 60,000               | \$ 99,682           | \$ 129,171       | \$ 29,489   |
| Earnings on investments                       | 800                     | 2,189               | 3,360            | 1,171   |
| Miscellaneous                                 | 100                     | 100                 | 29,250           | 29,150  |
| Total receipts                                | 60,900                  | 101,971             | 161,781          | 59,810  |
| <b>Disbursements:-</b>                        |                         |                     |                  |   |
| Public works                                  | 113,532                 | 190,047             | 147,543          | 42,504  |
| Capital outlay                                | 29,000                  | 33,500              | 31,717           | 1,783   |
| Total disbursements                           | 142,532                 | 223,547             | 179,260          | 44,287  |
| Excess of receipts over (under) disbursements | ( 81,632)               | ( 121,576)          | ( 17,479)        | 104,097   |
| <b>Other Financing Sources (Uses):-</b>       |                         |                     |                  |   |
| Advances In                                   | 0                       | 0                   | 20,000           | 20,000  |
| Advances Out                                  | 0                       | 0                   | ( 20,000)        | ( 20,000)   |
| Total other financing sources (uses)          | 0                       | 0                   | 0                | 0   |
| Net change in fund balance                    | ( 81,632)               | ( 121,576)          | ( 17,479)        | 104,097   |
| Fund balance beginning of year                | 81,632                  | 81,632              | 81,632           | 0   |
| <b>Fund balance end of year</b>               | <u>\$ 0</u>             | <u>\$ ( 39,944)</u> | <u>\$ 64,153</u> | <u>\$ 104,097</u>   |

See accompanying notes to the basic financial statements

**TOD TOWNSHIP**  
**CRAWFORD COUNTY**  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
CEMETERY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

|                                 | <u>Budgeted Amounts</u> |              | <u>Actual</u>    | <b>(Optional)</b><br><b>Variance with</b><br><b>Final Budget</b><br><b>Positive</b><br><b>(Negative)</b> |
|---------------------------------|-------------------------|--------------|------------------|--|
|                                 | <u>Original</u>         | <u>Final</u> |                  | <u>Actual</u>  |
| <b>Receipts:-</b>               |                         |              |                  |  |
| Miscellaneous                   | \$ 1,200                | \$ 1,200     | \$ 4,303         | \$ 3,103   |
| Total receipts                  | 1,200                   | 1,200        | 4,303            | 3,103  |
| <b>Disbursements:-</b>          |                         |              |                  |  |
| Current:-                       |                         |              |                  |  |
| Health                          | 4,000                   | 4,000        | 576              | 3,424  |
| Capital outlay                  | 13,493                  | 13,493       | 5,000            | 8,493  |
| Total disbursements             | 17,493                  | 17,493       | 5,576            | 11,917   |
| Net change in fund balance      | ( 16,293)               | ( 16,293)    | ( 1,273)         | 15,020   |
| Fund balance beginning of year  | 16,293                  | 16,293       | 16,293           | 0  |
| <b>Fund balance end of year</b> | <b>\$ 0</b>             | <b>\$ 0</b>  | <b>\$ 15,020</b> | <b>\$ 15,020</b>   |

See accompanying notes to the basic financial statements

**TOD TOWNSHIP**  
**CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006

**NOTE 1 - REPORTING ENTITY:-**

Tod Township, Crawford County, Ohio (the Township), is a body politic and corporate established in 1839 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Fiscal Officer.

The reporting entity is comprised of the primary government. 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 Wyandot East Fire District for fire protection for the Township. Police protection is provided by the Crawford County Sherriff's Department.

The financial statements exclude the following entity which performs activities within the Township boundaries for the benefit of its residents because the Township is not financially accountable for this entity nor is it fiscally dependent on the Township:

- Crawford County Engineer – provides construction and maintenance of all bridges in the Township.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-**

As discussed further in Note 2, these financial statements are presented on the 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. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**Basis of Presentation**

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

**Government-Wide Financial Statements**

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

**TOD TOWNSHIP**  
**CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006

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

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants, and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a modified cash basis or draws from the Township's general receipts.

**Fund Financial Statements**

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

**Fund Accounting**

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

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, and Cemetery Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. Gasoline Tax Fund's revenue source is primarily from gas tax receipts and is used for maintenance of Township highways. The Cemetery Funds' revenue sources are primarily from the sale of cemetery lots and are used for improvements of the cemeteries within the Township.

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

**Basis of Accounting**

The Township's financial statements are prepared using the 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.

**TOD TOWNSHIP  
CRAWFORD COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

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

**Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations 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 Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

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

**Cash and Investments**

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

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

During 2006, the Township invested in a money market fund and STAR Ohio. The Township's money market fund investment is recorded at the amount reported by Farmers Citizens Bank on December 31, 2006.

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, 2006.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$1,790, which includes \$855 assigned from other Township funds.



**TOD TOWNSHIP  
CRAWFORD COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

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

**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 represent Motor Vehicle License, Gasoline Tax, Road and Bridge Funds, and Cemetery Funds.

**Inventory and Prepaid Items**

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

**Capital Assets**

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

**Inter-fund Receivables and Payables**

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

**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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**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 and construction of roads and culverts, drainage, and maintenance of cemeteries.

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. Total of restricted funds for the year ending December 31, 2006, was \$83,186.

**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. The Township had none to report for the year ending December 31, 2006. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves are established for encumbrances.

**TOD TOWNSHIP  
CRAWFORD COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE:-**

The Township reports no deficit fund balances

**NOTE 4 - 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, Gasoline Tax, and Cemetery Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are that the 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 inter-fund receivable or payable (modified cash basis)). There were no outstanding encumbrances or advances at the end of the year.

**NOTE 5 - DEPOSITS AND INVESTMENTS:-**

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

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

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

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

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

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

**TOD TOWNSHIP  
CRAWFORD COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**NOTE 5 - DEPOSITS AND INVESTMENTS:-** (continued)

4. 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;
5. 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;
6. Bonds and other obligations of the State of Ohio or Ohio local governments;
7. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
8. 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;
9. The State Treasurer's investment pool (STAR Ohio).

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

At year end, the Township had no undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents".

**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's 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**

As of December 31, 2006, the Township had the following investments:

|                 |                       |
|-----------------|-----------------------|
|                 | <u>Carrying Value</u> |
| STAROhio        | \$73,980              |
| Total Portfolio | \$73,980              |

**TOD TOWNSHIP  
CRAWFORD COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**NOTE 5 - DEPOSITS AND INVESTMENTS:-** (continued)

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or boeentry form. Star Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be treated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**NOTE 6 - PROPERTY TAXES:-**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005 on the assessed values as of January 1, 2005 the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006, was \$2.20 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

|                                  |                             |
|----------------------------------|-----------------------------|
| <b>Real Property:-</b>           |                             |
| Residential                      | \$ 5,728,000                |
| Agriculture                      | 4,015,220                   |
| Commercial/ Industrial/ Mineral  | 366,650                     |
| <b>Public Utility Property:-</b> |                             |
| Real                             | 9,930                       |
| Personal                         | 580,840                     |
| Tangible personal property       | <u>2,360</u>                |
| <b>Total assessed value</b>      | <b>\$ <u>10,703,000</u></b> |

**TOD TOWNSHIP  
CRAWFORD COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**NOTE 7 - RISK MANAGEMENT:-**

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty Coverage** - OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

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

**Property Coverage** - Through 2005, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The 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.

**Financial Position** - OTARMA's financial statements (audited by other accountants) are represented to conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

| <b><u>Casualty Coverage</u></b> | <b><u>2006</u></b>   | <b><u>2005</u></b>   |
|---------------------------------|----------------------|----------------------|
| Assets                          | \$ 32,031,312        | \$ 30,485,638        |
| Liabilities                     | ( 11,443,952)        | ( 12,344,576)        |
| <b>Retained earnings</b>        | <b>\$ 20,587,360</b> | <b>\$ 18,141,062</b> |
|                                 |                      |                      |
| <b><u>Property Coverage</u></b> | <b><u>2006</u></b>   | <b><u>2005</u></b>   |
| Assets                          | \$ 10,010,963        | \$ 9,177,796         |
| Liabilities                     | ( 676,709)           | ( 1,406,031)         |
| <b>Retained earnings</b>        | <b>\$ 9,334,254</b>  | <b>\$ 7,771,765</b>  |

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The casualty coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectable in future years is approximately \$6,700. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

**TOD TOWNSHIP  
CRAWFORD COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**NOTE 7 - RISK MANAGEMENT:-** (continued)

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

| <b>Contributions to OTARMA</b> |    |       |
|--------------------------------|----|-------|
| <b>2004</b>                    | \$ | 3,143 |
| <b>2005</b>                    | \$ | 3,094 |
| <b>2006</b>                    | \$ | 3,398 |

**NOTE 8 - DEFINED BENEFIT PENSION PLAN:-**

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

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

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

For the year ended December 31, 2006, the members of all three plans, were required to contribute 9.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.70 percent. Total required employer contributions for all plans are equal to 100% of employer charges and are extracted from the employer's records. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Townships required contributions for the pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$4,647, \$4,473, and \$4,587, respectively. The full amount has been contributed for 2006, 2005, and 2004.

**NOTE 9 - POST EMPLOYMENT BENEFITS:-**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS meets the definition of Other Post

**TOD TOWNSHIP  
CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006

**NOTE 9 - POST EMPLOYMENT BENEFITS:-** (continued)

Employment Benefit (OPEB) as described in *GASB Statement No. 12*. A portion of each employer's contribution OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; the portion of employer contributions for all employers allocated to health care was 4.5 percent.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5 percent to 6.00 percent for the next nine years and 4.00 percent annually after nine years.

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

The number of active contributing participants in the traditional and combined plans was 369,214. The portion of local government employer contributions used to fund post-employment benefits can be approximated by multiplying actual employer contributions by .3285; for the Township in 2006; this amount is approximately \$1,527. The amount of \$11.1 billion represents the actuarial values of OPERS' net assets available for OPEB at December 31, 2005. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Plan (HCCP) adopted on September 9, 2006, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will be allocated to the health care plan.



**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by Government Auditing Standards**

Board of Trustees  
Tod Township  
Crawford County

We have audited the accompanying financial statements of Tod Township, Crawford County, Ohio (the Township), as of and for the year ended December 31, 2006, and have issued our report thereon dated June 20, 2008, wherein we noted the Township had followed the modified cash basis of accounting rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing an opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting as described in item 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

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




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

We did note certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated June 20, 2008.

Tod Township's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit Tod Township's response and, accordingly, we express no opinion on it.

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



Certified Public Accountants

June 20, 2008

**TOD TOWNSHIP  
CRAWFORD COUNTY  
SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2006**

**FINDING RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

|                       |                 |
|-----------------------|-----------------|
| <b>Finding Number</b> | <b>2006-001</b> |
|-----------------------|-----------------|

**Significant Deficiency – Internal Control and Review Procedures**

Although the Board receives and reviews a select number of reports from the Fiscal Officer of the Township for approval on a monthly basis, the Township has not established formal procedures to reasonably assure completeness and accuracy of the monthly reporting. During our testing and analysis, we noted that the Board of Trustees is not reviewing the numerical check sequence prior to signing the checks. In addition, they are not reviewing the bank statement for proper inclusion of authorized expenditures within the cancelled checks or electronic fund withdraws.

The Township should carefully review this information and make appropriate inquires to help determine the integrity of the financial information. When performing such review, the trustees' signatures or initials and the date should be affixed to the documents examined and it should be noted in the monthly minutes that the trustees' thoroughly reviewed and approved those documents. In addition, we also recommend that the numerical check sequence be noted in the minutes and signed off of by the Board each month.

**Officials' Response**

The Fiscal Officer will continue to provide the bank reconciliations and bank statements to the Trustees for their review and approval at each months meeting. The Township will also document and approve the review of those reports and the numerical sequence of the checks within the monthly minutes.



**Mary Taylor, CPA**  
Auditor of State

**TOD TOWNSHIP**

**CRAWFORD COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 9, 2008**