

TWIN TOWNSHIP

DARKE COUNTY

REGULAR AUDIT

JANUARY 1, 2006 THROUGH DECEMBER 31, 2007

FISCAL YEARS AUDITED UNDER GAGAS: 2007 & 2006

Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662



Mary Taylor, CPA
Auditor of State

Board of Trustees
Twin Township
14 Sierra Lane
Arcanum, Ohio 45304

We have reviewed the *Independent Auditors' Report* of Twin Township, Darke County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2006 through December 31, 2007. 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. Twin Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 27, 2008

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Twin Township
 Darke County
 For the Years Ended December 31, 2007 and 2006
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Darke County
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Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

Board of Trustees
Twin Township
Darke County
104 W. South Street
Arcanum, Ohio 45304

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Twin Township, Darke County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006 which collectively comprise the Township's basic financial statements. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 audit provides a reasonable basis for our opinions.

As discussed in Note 2, the Township has prepared these financial statements and notes using the 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 financial position-cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Twin Township, Darke County, Ohio as of December 31, 2007 and 2006, and the respective changes in financial position-cash basis and the respective budgetary comparisons for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund and Cemetery Fund (2006 only), thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Twin Township
Independent Auditors' Report
Page 2

The Management's Discussion and Analysis at pages 3-10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

Caudill & Associates, CPA's

Caudill & Associates, CPA's
May 2, 2008

Twin Township
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

This management discussion and analysis of Twin Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007 and 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 and 2006 are as follows:

2007 Net assets of governmental activities increased \$79,683, or 11%, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Gasoline Tax Fund, which realized an increase in intergovernmental gasoline tax and interest receipts. Additionally, Gasoline Tax Fund expenditures were 41% less than prior year due to an administrative policy change in the allocation of Trustee salary based on actual hours worked per fund.

2006 Net assets of governmental activities increased \$28,931, or 4%, a small change from prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized an increase due to additional interest and estate tax receipts.

The Township's general receipts are primarily property taxes. These receipts in 2007 and 2006 represent, respectively, 50% and 58% of the total cash received for governmental activities during the year. Property tax receipts for 2007 and 2006 changed very little as development within the Township has slowed and property values have leveled off with the state of the economy.

Using the Basic Financial Statements

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

Report Components

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

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

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

Twin Township
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

The statement of net assets and the statement of activities reports only governmental activities as the Township does not have business-type activities.

Governmental activities: The Township's basic services are reported here, including fire, streets and cemetery. State grants and entitlements and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Twin Township
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For 2007 and 2006, the Township's major funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Fire District Fund. The Cemetery Fund was a major fund for 2006 only. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

Twin Township
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$ 821,547	\$ 741,864
Total Assets	821,547	741,864
Net Assets		
Restricted for:		
Other Purposes	469,194	384,178
Unrestricted	352,353	357,686
Total Net Assets	\$ 821,547	\$ 741,864

As mentioned previously, net assets of governmental activities increased \$79,683 or 11% during 2007. The primary reasons contributing to the increase in cash balances are as follows:

- A conservative approach to expenditures is practiced by the Township. The Township limited the amount of road work in 2007. Total for all projects was \$70,458.
- The Township keeps supply and operation costs to a minimum. The Township is very conservative on use of supplies, salt, gasoline, and other operational costs. Equipment is maintained by the Trustees and the Cemetery Superintendent. Major repair work is outsourced.
- The Trustees do the snow removal and salting of roads. The Township does not outsource this service. The road mowing and Ithaca Cemetery mowing are done in-house by one township employee.

Twin Township
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Table 2 reflects the changes in net assets in 2007 and 2006:

(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 29,677	\$ 25,302
Operating Grants and Contributions	109,062	98,275
Total Program Receipts	<u>138,739</u>	<u>123,577</u>
General Receipts:		
Property and Other Local Taxes	107,115	107,742
Other Taxes	-	89
Grants and Entitlements Not Restricted	72,870	46,686
Interest	34,693	31,772
Miscellaneous	338	281
Total General Receipts	<u>215,016</u>	<u>186,570</u>
Total Receipts	<u>353,755</u>	<u>310,147</u>
Disbursements:		
General Government	94,983	58,217
Public Safety	28,658	27,488
Health	41,865	42,412
Public Works	108,346	150,019
Capital Outlay	220	3,080
Total Disbursements	<u>274,072</u>	<u>281,216</u>
Increase in Net Assets	79,683	28,931
Net Assets, January 1	741,864	712,933
Net Assets, December 31	<u>\$ 821,547</u>	<u>\$ 741,864</u>

Program receipts represent in 2007 and 2006 only 39% and 40%, respectively, of total receipts and are primarily comprised of restricted receipts such as motor vehicle license and gas tax money, zoning permits and cemetery fees.

General receipts in 2007 and 2006 represent 61% and 60%, respectively, of the Township's total receipts. Of this amount, 50% and 58%, respectively, are local taxes for 2007 and 2006. State and federal grants and entitlements make up the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of the fiscal officer, county health district costs, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, these costs were limited to 44% of General Fund unrestricted receipts for 2007 and 31% for 2006.

Twin Township
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Security of Persons and Property are the costs of contracted fire protection; Health is the cemetery department; and Public Works is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for road maintenance, which in 2007 and 2006 accounted for 40% and 53% of all governmental disbursements. General government in 2007 and 2006 also represents a significant cost, about 35% and 21%. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2007	Net Cost of Services 2007	Total Cost Of Services 2006	Net Cost of Services 2006
General Government	\$ 94,983	\$ (93,994)	\$ 58,217	\$ (56,753)
Public Safety	28,658	(23,999)	27,488	(22,938)
Health	41,865	(24,679)	42,412	(30,347)
Public Works	108,346	7,559	150,019	(44,521)
Capital Outlay	220	(220)	3,080	(3,080)
Total Expenses	\$ 274,072	\$ (135,333)	\$ 281,216	\$ (157,639)

The dependence upon property receipts is apparent as over 43 % of governmental activities are supported through these general receipts for years ended December 31, 2007 and 2006.

The Township's Funds

For 2007, total governmental funds had receipts of \$353,755 and disbursements of \$274,072. The greatest change within governmental funds occurred within the Gasoline Tax Fund due to increased intergovernmental tax receipts and a decrease in disbursements

For 2006, total governmental funds had receipts of \$310,147 and disbursements of \$281,216. The greatest change within governmental funds occurred within the General Fund due to unanticipated inheritance tax receipts and an increase in earnings on investments.

Twin Township
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

In 2007, General Fund receipts were less than disbursements by \$5,333 indicating that the General Fund is in a deficit spending situation. It is the recommendation of the trustees and fiscal officer that a reduction in disbursements is preferable to requesting additional funds from the taxpayers. Although a formal plan to cut costs has not been implemented in 2008 the administration will continue to be very conservative and looking at ways to cut costs. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property taxes remains stagnant.

In 2006, General Fund receipts were \$32,950 more than disbursements indicating the General Fund increased in fund balance. The increase in revenues, due to unexpected inheritance tax, cannot be expected from year-to-year. As discussed above, the administration will continue to implement cost savings measures.

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 2007, the Township amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were the same as the original budgeted receipts. Actual receipts were over the budgeted amount due to unexpected inheritance tax and increasing interest rates. The difference between final budgeted receipts and actual receipts was \$57,582.

During 2006, the Township amended its General Fund budget to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was \$54,758.

Final disbursements in 2007 and 2006 were budgeted at \$248,238 and \$193,327 while actual disbursements were \$131,263 and \$65,548. The Township appropriates all available revenues but spends according to the tax budget prepared for the year.

Capital Assets and Debt Administration

Capital Assets

The Township currently tracks of its capital assets through the UAN software for insurance purposes. Capital assets are not reported.

Debt

At December 31, 2007, the Township had no debt.

Twin Township
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Expenditures continue to increase faster than revenues. Thus the current budget reflects a continued conservative spending approach.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Deborah L. Dynes, Fiscal Officer, Twin Township, 14 Sierra Lane., Arcanum, Ohio 45304.

Twin Township
Darke County
Statement of Net Assets - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 821,547
<i>Total Assets</i>	<u>\$ 821,547</u>
Net Assets	
Restricted for:	
Other Purposes	\$ 469,194
Unrestricted	<u>352,353</u>
<i>Total Net Assets</i>	<u>\$ 821,547</u>

See accompanying notes to the basic financial statements

Twin Township
Darke County
Statement of Net Assets - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 741,864
<i>Total Assets</i>	<u>\$ 741,864</u>
Net Assets	
Restricted for:	
Other Purposes	\$ 384,178
Unrestricted	<u>357,686</u>
<i>Total Net Assets</i>	<u>\$ 741,864</u>

See accompanying notes to the basic financial statements

Twin Township
Darke County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 94,983	\$ 989	\$ -	\$ (93,994)
Public Safety	28,658	-	4,659	(23,999)
Public Works	108,346	11,502	104,403	7,559
Health	41,865	17,186	-	(24,679)
Capital Outlay	220	-	-	(220)
<i>Total Governmental Activities</i>	<u>274,072</u>	<u>29,677</u>	<u>109,062</u>	<u>(135,333)</u>
		General Receipts		
		Property Taxes Levied for:		
		General Purposes		107,115
		Grants and Entitlements not Restricted to Specific Programs		72,870
		Interest		34,693
		Miscellaneous		338
		<i>Total General Receipts</i>		215,016
		Change in Net Assets		79,683
		<i>Net Assets Beginning of Year</i>		<u>741,864</u>
		<i>Net Assets End of Year</i>		<u>\$ 821,547</u>

See accompanying notes to the basic financial statements

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

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 58,217	\$ 1,464	\$ -	\$ (56,753)
Public Safety	27,488	-	4,550	(22,938)
Public Works	150,019	11,773	93,725	(44,521)
Health	42,412	12,065	-	(30,347)
Capital Outlay	3,080	-	-	(3,080)
<i>Total Governmental Activities</i>	<u>281,216</u>	<u>25,302</u>	<u>98,275</u>	<u>(157,639)</u>
General Receipts				
Property Taxes Levied for:				
				107,742
				89
Grants and Entitlements not Restricted to Specific Programs				
				46,686
				31,772
				281
				<u>186,570</u>
				Change in Net Assets 28,931
				<u>Net Assets Beginning of Year 712,933</u>
				<u>Net Assets End of Year \$ 741,864</u>

See accompanying notes to the basic financial statements

Twin Township
Darke County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 352,353	\$ 190,148	\$ 98,188	\$ 52,336	\$ 128,522	\$ 821,547
<i>Total Assets</i>	<u>\$ 352,353</u>	<u>\$ 190,148</u>	<u>\$ 98,188</u>	<u>\$ 52,336</u>	<u>\$ 128,522</u>	<u>\$ 821,547</u>
Fund Balances						
Reserved for Encumbrances	\$ 88	\$ -	\$ -	\$ -	\$ -	\$ 88
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	352,265					352,265
Special Revenue Funds		190,148	98,188	52,336	128,522	469,194
<i>Total Fund Balances</i>	<u>\$ 352,353</u>	<u>\$ 190,148</u>	<u>\$ 98,188</u>	<u>\$ 52,336</u>	<u>\$ 128,522</u>	<u>\$ 821,547</u>

See accompanying notes to the basic financial statements

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

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Cemetery</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 357,686	\$ 137,875	\$ 94,052	\$ 15,409	\$ 43,176	\$ 93,666	\$ 741,864
<i>Total Assets</i>	<u>\$ 357,686</u>	<u>\$ 137,875</u>	<u>\$ 94,052</u>	<u>\$ 15,409</u>	<u>\$ 43,176</u>	<u>\$ 93,666</u>	<u>\$ 741,864</u>
Fund Balances							
Reserved for Encumbrances	\$ 550	\$ -	\$ -		\$ -	\$ -	\$ 550
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	357,136						357,136
Special Revenue Funds		137,875	94,052	15,409	43,176	93,666	384,178
<i>Total Fund Balances</i>	<u>\$ 357,686</u>	<u>\$ 137,875</u>	<u>\$ 94,052</u>	<u>\$ 15,409</u>	<u>\$ 43,176</u>	<u>\$ 93,666</u>	<u>\$ 741,864</u>

See accompanying notes to the basic financial statements

**TWIN TOWNSHIP
DARKE COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007*

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 30,725	\$ -	\$ 43,546	\$ 32,843	\$ 11,503	\$ 118,617
Fines, Licenses and Permits	-	-	-	-	12,850	12,850
Intergovernmental	72,870	89,436	6,079	4,659	8,888	181,932
Interest	21,909	8,318	-	-	4,466	34,693
Miscellaneous	338	-	-	-	5,325	5,663
<i>Total Receipts</i>	<u>125,842</u>	<u>97,754</u>	<u>49,625</u>	<u>37,502</u>	<u>43,032</u>	<u>353,755</u>
Disbursements						
Current:						
General Government	92,539	-	-	-	2,444	94,983
Public Safety	316	-	-	28,342	-	28,658
Public Works	595	45,482	45,270	-	16,999	108,346
Public Health Services	37,725	-	-	-	4,140	41,865
Capital Outlay	-	-	220	-	-	220
<i>Total Disbursements</i>	<u>131,175</u>	<u>45,482</u>	<u>45,490</u>	<u>28,342</u>	<u>23,583</u>	<u>274,072</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,333)</u>	<u>52,272</u>	<u>4,135</u>	<u>9,160</u>	<u>19,449</u>	<u>79,683</u>
<i>Net Change in Fund Balances</i>	(5,333)	52,272	4,135	9,160	19,449	79,683
<i>Fund Balances Beginning of Year</i>	<u>357,686</u>	<u>137,875</u>	<u>94,052</u>	<u>43,176</u>	<u>109,075</u>	<u>741,864</u>
<i>Fund Balances End of Year</i>	<u>\$ 352,353</u>	<u>\$ 190,147</u>	<u>\$ 98,187</u>	<u>\$ 52,336</u>	<u>\$ 128,524</u>	<u>\$ 821,547</u>

See accompanying notes to the basic financial statements

**TWIN TOWNSHIP
DARKE COUNTY**

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

	General	Gasoline Tax	Road and Bridge	Cemetery	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 30,958	\$ -	\$ 43,784	\$ -	\$ 33,090	\$ 11,773	\$ 119,605
Fines, Licenses and Permits	-	-	-	6,015	-	1,464	7,479
Intergovernmental	46,686	78,847	5,946	-	4,550	8,933	144,962
Interest	20,024	7,086	-	-	-	4,661	31,771
Miscellaneous	280	-	-	6,050	-	-	6,330
<i>Total Receipts</i>	<u>97,948</u>	<u>85,933</u>	<u>49,730</u>	<u>12,065</u>	<u>37,640</u>	<u>26,831</u>	<u>310,147</u>
Disbursements							
Current:							
General Government	54,931	-	-	-	-	3,286	58,217
Public Safety	-	-	-	-	27,488	-	27,488
Public Works	-	77,112	43,440	-	-	29,467	150,019
Public Health Services	9,772	-	-	32,640	-	-	42,412
Capital Outlay	295	-	2,785	-	-	-	3,080
<i>Total Disbursements</i>	<u>64,998</u>	<u>77,112</u>	<u>46,225</u>	<u>32,640</u>	<u>27,488</u>	<u>32,753</u>	<u>281,216</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>32,950</u>	<u>8,821</u>	<u>3,505</u>	<u>(20,575)</u>	<u>10,152</u>	<u>(5,922)</u>	<u>28,931</u>
<i>Net Change in Fund Balances</i>	32,950	8,821	3,505	(20,575)	10,152	(5,922)	28,931
<i>Fund Balances Beginning of Year</i>	<u>324,736</u>	<u>129,054</u>	<u>90,547</u>	<u>35,984</u>	<u>33,024</u>	<u>99,588</u>	<u>712,933</u>
<i>Fund Balances End of Year</i>	<u>\$ 357,686</u>	<u>\$ 137,875</u>	<u>\$ 94,052</u>	<u>\$ 15,409</u>	<u>\$ 43,176</u>	<u>\$ 93,666</u>	<u>\$ 741,864</u>

See accompanying notes to the basic financial statements

Twin Township
Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 29,160	\$ 29,160	\$ 30,725	\$ 1,565
Intergovernmental	23,900	23,900	72,870	48,970
Interest	15,000	15,000	21,909	6,909
Miscellaneous	200	200	338	138
<i>Total receipts</i>	<u>68,260</u>	<u>68,260</u>	<u>125,842</u>	<u>57,582</u>
Disbursements				
Current:				
General Government	106,779	181,779	92,627	89,152
Public Safety	5,000	5,000	316	4,684
Public Works	5,000	5,000	595	4,405
Public Health Services	49,459	54,459	37,725	16,734
Capital Outlay	2,000	2,000	-	2,000
<i>Total Disbursements</i>	<u>168,238</u>	<u>248,238</u>	<u>131,263</u>	<u>116,975</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(99,978)</u>	<u>(179,978)</u>	<u>(5,421)</u>	<u>174,557</u>
Other Financing Uses				
Transfers Out	<u>(257,437)</u>	<u>(177,437)</u>	<u>-</u>	<u>177,437</u>
<i>Net Change in Fund Balance</i>	(357,415)	(357,415)	(5,421)	351,994
<i>Fund Balance Beginning of Year</i>	357,136	357,136	357,136	-
Prior Year Encumbrances Appropriated	<u>550</u>	<u>550</u>	<u>550</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 271</u>	<u>\$ 271</u>	<u>\$ 352,265</u>	<u>\$ 351,994</u>

See accompanying notes to the basic financial statements

Twin Township
Darke 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>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 22,565	\$ 22,565	\$ 30,958	\$ 8,393
Intergovernmental	15,425	15,425	46,686	31,261
Interest	5,000	5,000	20,024	15,024
Miscellaneous	200	200	280	80
<i>Total receipts</i>	<u>43,190</u>	<u>43,190</u>	<u>97,948</u>	<u>54,758</u>
Disbursements				
Current:				
General Government	116,533	124,884	55,481	69,403
Public Safety	5,000	5,000	-	5,000
Public Works	5,000	5,000	-	5,000
Public Health Services	48,443	48,443	9,772	38,671
Capital Outlay	10,000	10,000	295	9,705
<i>Total Disbursements</i>	<u>184,976</u>	<u>193,327</u>	<u>65,548</u>	<u>127,779</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(141,786)</u>	<u>(150,137)</u>	<u>32,400</u>	<u>182,537</u>
Other Financing Uses				
Transfers Out	(182,950)	(174,599)	-	174,599
<i>Total Other Financing Uses</i>	<u>(182,950)</u>	<u>(174,599)</u>	<u>-</u>	<u>174,599</u>
<i>Net Change in Fund Balance</i>	(324,736)	(324,736)	32,400	357,136
<i>Fund Balance Beginning of Year</i>	324,691	324,691	324,691	-
Prior Year Encumbrances Appropriated	45	45	45	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 357,136</u>	<u>\$ 357,136</u>

See accompanying notes to the basic financial statements

Twin Township
Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 82,400	\$ 75,400	\$ 89,436	\$ 14,036
Interest	-	7,000	8,318	1,318
<i>Total receipts</i>	<u>82,400</u>	<u>82,400</u>	<u>97,754</u>	<u>15,354</u>
Disbursements				
Current:				
Public Works	210,275	210,275	45,482	164,793
Capital Outlay	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
<i>Total Disbursements</i>	<u>220,275</u>	<u>220,275</u>	<u>45,482</u>	<u>174,793</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(137,875)</u>	<u>(137,875)</u>	<u>52,272</u>	<u>190,147</u>
<i>Net Change in Fund Balance</i>	(137,875)	(137,875)	52,272	190,147
<i>Fund Balance Beginning of Year</i>	137,875	137,875	137,875	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,147</u>	<u>\$ 190,147</u>

See accompanying notes to the basic financial statements

Twin Township
Darke 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>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 68,100	\$ 68,100	\$ 78,847	\$ 10,747
Interest	4,000	4,000	7,086	3,086
<i>Total receipts</i>	<u>72,100</u>	<u>72,100</u>	<u>85,933</u>	<u>13,833</u>
Disbursements				
Current:				
Public Works	191,154	191,154	77,112	114,042
Capital Outlay	10,000	10,000	-	10,000
<i>Total Disbursements</i>	<u>201,154</u>	<u>201,154</u>	<u>77,112</u>	<u>124,042</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(129,054)</u>	<u>(129,054)</u>	<u>8,821</u>	<u>137,875</u>
<i>Net Change in Fund Balance</i>	(129,054)	(129,054)	8,821	137,875
<i>Fund Balance Beginning of Year</i>	129,054	129,054	129,054	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,875</u>	<u>\$ 137,875</u>

See accompanying notes to the basic financial statements

Twin Township

Darke County

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 44,311	\$ 44,311	\$ 43,546	\$ (765)
Intergovernmental	5,900	5,900	6,079	179
<i>Total receipts</i>	<u>50,211</u>	<u>50,211</u>	<u>49,625</u>	<u>(586)</u>
Disbursements				
Current:				
Public Works	114,263	114,263	45,270	68,993
Capital Outlay	30,000	30,000	220	29,780
<i>Total Disbursements</i>	<u>144,263</u>	<u>144,263</u>	<u>45,490</u>	<u>98,773</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(94,052)</u>	<u>(94,052)</u>	<u>4,135</u>	<u>98,187</u>
<i>Net Change in Fund Balance</i>	(94,052)	(94,052)	4,135	98,187
<i>Fund Balance Beginning of Year</i>	<u>94,052</u>	<u>94,052</u>	<u>94,052</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,187</u>	<u>\$ 98,187</u>

See accompanying notes to the basic financial statements

Twin Township

Darke County

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 41,300	\$ 41,300	\$ 43,784	\$ 2,484
Intergovernmental	6,950	6,950	5,946	(1,004)
<i>Total receipts</i>	<u>48,250</u>	<u>48,250</u>	<u>49,730</u>	<u>1,480</u>
Disbursements				
Current:				
Public Works	105,797	108,797	43,440	65,357
Capital Outlay	30,000	30,000	2,785	27,215
<i>Total Disbursements</i>	<u>135,797</u>	<u>138,797</u>	<u>46,225</u>	<u>92,572</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(87,547)</u>	<u>(90,547)</u>	<u>3,505</u>	<u>94,052</u>
<i>Net Change in Fund Balance</i>	(87,547)	(90,547)	3,505	94,052
<i>Fund Balance Beginning of Year</i>	<u>90,547</u>	<u>90,547</u>	<u>90,547</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 94,052</u>	<u>\$ 94,052</u>

See accompanying notes to the basic financial statements

Twin Township
Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 33,900	\$ 33,900	\$ 32,843	\$ (1,057)
Intergovernmental	3,076	3,076	4,659	1,583
<i>Total receipts</i>	<u>36,976</u>	<u>36,976</u>	<u>37,502</u>	<u>526</u>
Disbursements				
Current:				
Public Safety	80,152	80,152	28,342	51,810
<i>Total Disbursements</i>	<u>80,152</u>	<u>80,152</u>	<u>28,342</u>	<u>51,810</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(43,176)</u>	<u>(43,176)</u>	<u>9,160</u>	<u>52,336</u>
<i>Net Change in Fund Balance</i>	(43,176)	(43,176)	9,160	52,336
<i>Fund Balance Beginning of Year</i>	<u>43,176</u>	<u>43,176</u>	<u>43,176</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,336</u>	<u>\$ 52,336</u>

See accompanying notes to the basic financial statements

Twin Township
Darke County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 22,566	\$ 22,566	\$ 33,090	\$ 10,524
Intergovernmental	3,200	3,200	4,550	1,350
<i>Total receipts</i>	<u>25,766</u>	<u>25,766</u>	<u>37,640</u>	<u>11,874</u>
Disbursements				
Current:				
Public Safety	58,790	58,790	27,488	31,302
<i>Total Disbursements</i>	<u>58,790</u>	<u>58,790</u>	<u>27,488</u>	<u>31,302</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(33,024)</u>	<u>(33,024)</u>	<u>10,152</u>	<u>43,176</u>
<i>Net Change in Fund Balance</i>	(33,024)	(33,024)	10,152	43,176
<i>Fund Balance Beginning of Year</i>	<u>33,024</u>	<u>33,024</u>	<u>33,024</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,176</u>	<u>\$ 43,176</u>

See accompanying notes to the basic financial statements

Twin Township
Darke 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>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Licenses, Permits and Fees	\$ 6,100	\$ 6,100	\$ 6,015	\$ (85)
Miscellaneous	5,500	5,500	6,050	550
<i>Total receipts</i>	<u>11,600</u>	<u>11,600</u>	<u>12,065</u>	<u>465</u>
Disbursements				
Current:				
Health	40,000	40,000	32,640	7,360
Capital Outlay	6,667	6,667	-	6,667
<i>Total Disbursements</i>	<u>46,667</u>	<u>46,667</u>	<u>32,640</u>	<u>14,027</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(35,067)</u>	<u>(35,067)</u>	<u>(20,575)</u>	<u>14,492</u>
<i>Net Change in Fund Balance</i>	(35,067)	(35,067)	(20,575)	14,492
<i>Fund Balance Beginning of Year</i>	35,067	35,067	35,067	-
<i>Prior Year Encumbrances Appropriated</i>	<u>917</u>	<u>917</u>	<u>917</u>	
<i>Fund Balance End of Year</i>	<u>\$ 917</u>	<u>\$ 917</u>	<u>\$ 15,409</u>	<u>\$ 14,492</u>

See accompanying notes to the basic financial statements

Twin Township
Darke County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2007

	<u>Private Purpose Trust</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 623</u>
<i>Total Assets</i>	<u><u>\$ 623</u></u>
Net Assets	
Restricted	<u>623</u>
<i>Total Net Assets</i>	<u><u>\$ 623</u></u>

See accompanying notes to the basic financial statements

Twin Township
Darke County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2006

	<u>Private Purpose Trust</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 623</u>
<i>Total Assets</i>	<u><u>\$ 623</u></u>
Net Assets	
Restricted	<u>623</u>
<i>Total Net Assets</i>	<u><u>\$ 623</u></u>

See accompanying notes to the basic financial statements

TWIN TOWNSHIP

DARKE COUNTY

Statement of Changes in Fiduciary Net Assets - Cash Basis Fiduciary Funds

Governmental Funds

For the Year Ended December 31, 2007

	<u>Private Purpose Trust</u>
Additions	
Interest	\$ 4
<i>Total Additions</i>	<u>4</u>
Deductions	
Current:	
Payments in Accordance with Trust Agreements	<u>4</u>
<i>Total Disbursements</i>	<u>4</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>-</u>
<i>Net Change in Fund Balances</i>	-
<i>Fund Balances Beginning of Year</i>	<u>623</u>
<i>Fund Balances End of Year</i>	<u><u>\$ 623</u></u>

See accompanying notes to the basic financial statements

**TWIN TOWNSHIP
DARKE COUNTY**

*Statement of Changes in Fiduciary Net Assets - Cash Basis Fiduciary Funds
Governmental Funds
For the Year Ended December 31, 2006*

	<u>Private Purpose Trust</u>
Additions	
Interest	\$ 4
<i>Total Additions</i>	<u>4</u>
Deductions	
Current:	
Payments in Accordance with Trust Agreements	<u>8</u>
<i>Total Disbursements</i>	<u>8</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(4)</u>
<i>Net Change in Fund Balances</i>	(4)
<i>Fund Balances Beginning of Year</i>	<u>627</u>
<i>Fund Balances End of Year</i>	<u><u>\$ 623</u></u>

See accompanying notes to the basic financial statements

Twin Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 1 – Reporting Entity

Twin Township, Darke County, Ohio (the Township), is a body politic and corporate 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 publically elected three-member board of Trustees. The Township also has an elected Fiscal Officer. The Township provides general governmental services, including road maintenance and cemetery management.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services and maintenance of Township roads and bridges. The Township contracts with the Village of Arcanum for fire protection. Police protection is provided by Darke County Sheriff's Department.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services 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, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Twin Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds for 2007 and 2006 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund. The Cemetery Fund was a major governmental fund for 2006 only.

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.

The Gasoline Tax Fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Township roads.

The Road and Bridge Fund receives property tax money for constructing, maintaining and repairing Township roads.

The Fire District Fund receives the proceeds of a property tax levy for contracted fire services.

The Cemetery Fund receives the proceeds from the Cemetery operations and is used to maintain the Cemetery.

The Other Governmental Funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary funds include a private purpose trust fund. Trust funds are used to account for assets held under trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund is a nonexpendable trust fund used to place flowers on the Cena Grodon grave at the Ithaca Cemetery for Memorial Day services.

C. Basis of Accounting

The Township's financial statements are prepared using the 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

Twin Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township Trustees' authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Township Trustees. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township Trustees.

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 Trustees during the year.

E. Cash and Investments

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

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

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

During 2007 & 2006, the Township invested in STAR Ohio. 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, 2007 & 2006.

Twin Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

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 2007 and 2006 were \$21,909 and \$20,024, respectively.

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

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

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road and bridge maintenance, cemetery maintenance, and fire protection.

Twin Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and advances.

O. Interfund Transactions

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at December 31, 2007 (budgetary basis) amounted to \$88 for the General Fund. The encumbrances outstanding at December 31, 2006 (budgetary basis) amounted to \$550 for the General Fund. There were no outstanding advances.

Note 4 – Deposits and Investments

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

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

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

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

Twin Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 4 – Deposits and Investments (continued)

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

Deposits

At year-ended December 31, 2007, the carrying amount of the Township's deposits was \$110,126, and the bank balance was \$124,387. Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, \$23,764 of the Township's bank balance was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. At year-ended December 31, 2006, the carrying amount of the Township's deposits was \$112,554, and the bank balance was \$125,870. At December 31, 2006, \$25,247 of the Township's bank balance was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Twin Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 4 – Deposits and Investments (continued)

Investments

As of December 31, 2007 and 2006, the Township had the following investments:

STAR OHIO	<u>Carrying Value</u>
December 31, 2007	\$712,044
December 31, 2006	<u>\$629,934</u>

STAR Ohio is an investment pool managed by the Treasurer of the State of Ohio. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment act of 1940. STAR Ohio has obtained an AAA money market rating by Standard & Poor's. Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long -term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short term-investments.

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 the STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase at least one nationally recognized standard rating service.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, 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 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2006, 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 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. 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 years ended December 31, 2007 and 2006, was \$3.70 per \$1,000 of assessed value.

Twin Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 5 – Property Taxes (continued)

The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

	2007	2006
Real Property		
Residential	\$ 23,147,870	\$ 22,667,420
Agriculture	5,810,360	6,017,240
Commercial/Industrial/Mineral	869,880	629,500
Real Utility Property Real	-	-
Real Utility Property Personal	870,950	842,880
Tangible Personal Property	286,250	384,780
Total Assessed Value	\$ 30,985,310	\$ 30,541,820

Note 6 – Risk Management

The Township maintains comprehensive insurance coverage with private insurers for all real and personal property, including automobile coverage for the following risks: general liability, auto liability, uninsured motorists, property damage, inland marine, crime, and public employee bonding.

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

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

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 2007 and 2006, members of OPERS contributed 9.5% and 9%, respectively. The Township's contribution rate for pension benefits for 2007 and 2006 was 13.85% and 13.70%, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

Twin Township
Darke County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 7 – Defined Benefit Pension Plans (continued)

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$9,674, \$9,145, and \$5,790 respectively. The full amount has been contributed for 2007, 2006 and 2005.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

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 the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5.00 percent from January 1 through June 30, 2007 and 6.00 percent from July 1 through December 31, 2007 of covered payroll was the portion that was used to fund health care. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 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 premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

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

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$362,130. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$20 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 9 – Contingent Liabilities

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

Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
Twin Township
Darke County
104 W. South Street
Arcanum, OH 45304

We have audited the financial statements of the government activities, major funds, and the aggregate remaining fund information of Twin Township, Darke County, Ohio (the "Township") as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's financial statements and have issued our report thereon dated May 2, 2008 wherein we noted the Township followed accounting practices the Auditor of State prescribes, 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financing reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, we identified no issues in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. As noted above, no matters involving the internal control over financial reporting and its operations were identified that we consider significant deficiencies.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance and Other Matters

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

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

Caudill & Associates, CPAs

Caudill & Associates, CPA's
May 2, 2008



Mary Taylor, CPA
Auditor of State

TWIN TOWNSHIP

DARKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 10, 2008**