



**TIFFIN TOWNSHIP
DEFIANCE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Tiffin Township
Defiance County
23377 Banner School Road
Defiance, Ohio 43512-8777

To the Board of Trustees:

We have audited the accompanying financial statements of Tiffin Township, Defiance County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Jim Petro
Auditor of State

March 15, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$ 2,465	\$ 127,810	\$ 0	\$ 0	\$ 130,275
Intergovernmental	52,715	81,793			134,508
Special Assessments		1,861			1,861
Licenses, Permits, and Fees	2,060	3,150			5,210
Earnings on Investments	6,526	1,910		2,962	11,398
Other Revenue	8,114	1,360	14,725	75	24,274
	<u>71,880</u>	<u>217,884</u>	<u>14,725</u>	<u>3,037</u>	<u>307,526</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	63,916			3,000	66,916
Public Safety		25,976			25,976
Public Works		187,233			187,233
Health	6,022	2,905			8,927
Conservation - Recreation	689				689
Capital Outlay		15,607	1,975		17,582
	<u>70,627</u>	<u>231,721</u>	<u>1,975</u>	<u>3,000</u>	<u>307,323</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	1,253	(13,837)	12,750	37	203
Fund Cash Balances, January 1	41,461	129,521		67,249	238,231
Fund Cash Balances, December 31	<u>\$ 42,714</u>	<u>\$ 115,684</u>	<u>\$ 12,750</u>	<u>\$ 67,286</u>	<u>\$ 238,434</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$ 2,595	\$ 136,182	\$ 0	\$ 0	\$ 138,777
Intergovernmental	46,194	81,143	26,763		154,100
Special Assessments		1,868			1,868
Licenses, Permits, and Fees	1,950	3,975			5,925
Earnings on Investments	5,759	2,187		873	8,819
Other Revenue	9,466	1,600		240	11,306
Total Cash Receipts	<u>65,964</u>	<u>226,955</u>	<u>26,763</u>	<u>1,113</u>	<u>320,795</u>
Cash Disbursements:					
Current:					
General Government	62,794				62,794
Public Safety		19,664			19,664
Public Works		189,941			189,941
Health	7,759	2,005			9,764
Conservation - Recreation	749				749
Capital Outlay	3,901	13,543	26,763		44,207
Total Cash Disbursements	<u>75,203</u>	<u>225,153</u>	<u>26,763</u>	<u>0</u>	<u>327,119</u>
Total Receipts Over/(Under) Disbursements	<u>(9,239)</u>	<u>1,802</u>	<u>0</u>	<u>1,113</u>	<u>(6,324)</u>
Other Financing Receipts:					
Other Sources	<u>7,788</u>				<u>7,788</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(1,451)	1,802	0	1,113	1,464
Fund Cash Balances, January 1	<u>42,912</u>	<u>127,719</u>		<u>66,136</u>	<u>236,767</u>
Fund Cash Balances, December 31	<u>\$ 41,461</u>	<u>\$ 129,521</u>	<u>\$ 0</u>	<u>\$ 67,249</u>	<u>\$ 238,231</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Tiffin Township, Defiance County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the City of Defiance to provide ambulance services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Road District Fund - This fund receives property tax money for the maintenance and repair of Township roads.

3. Capital Project Funds

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

Public Works Commission Project Fund - This fund accounts for monies expended by either Defiance County or the State of Ohio on behalf of the Township for public works projects. These monies were received in fiscal year 1998 only.

Permanent Improvement Fund - This fund received insurance proceeds from the loss of the Township Hall from a fire in 1999.

4. Fiduciary Funds (Trust Funds)

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

Brace Estate Fund - This fund is an expendable trust fund used to account for expenditures made out of the Brace Estate bequest.

Cemetery Bequest Fund - This fund is a nonexpendable trust fund used to account for certain expenditures made on behalf of the Township cemetery.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 173,434	\$ 174,719
Certificates of deposit	65,000	63,512
Total deposits	<u>\$ 238,434</u>	<u>\$ 238,231</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institutions to the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 58,267	\$ 71,880	\$ 13,613
Special Revenue Funds	194,624	217,884	23,260
Capital Projects Funds	14,725	14,725	0
Fiduciary Funds	3,180	3,037	(143)
Total	<u>\$ 270,796</u>	<u>\$ 307,526</u>	<u>\$ 36,730</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$ 99,700	\$ 70,627	\$ 29,073
Special Revenue Funds	321,013	231,721	89,292
Capital Projects Funds	14,725	1,975	12,750
Fiduciary Funds	54,800	3,000	51,800
Total	<u>\$ 490,238</u>	<u>\$ 307,323</u>	<u>\$ 182,915</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 55,930	\$ 73,752	\$ 17,822
Special Revenue Funds	215,420	226,955	11,535
Capital Projects Funds	26,763	26,763	0
Fiduciary Funds	2,180	1,113	(1,067)
Total	<u>\$ 300,293</u>	<u>\$ 328,583</u>	<u>\$ 28,290</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$ 98,400	\$ 75,203	\$ 23,197
Special Revenue Funds	340,325	225,153	115,172
Capital Projects Funds	26,763	26,763	0
Fiduciary Funds	7,000	0	7,000
Total	<u>\$ 472,488</u>	<u>\$ 327,119</u>	<u>\$ 145,369</u>

4. PROPERTY TAX

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

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. PROPERTY TAX (Continued)

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

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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

Tiffin Township
Defiance County
23377 Banner School Road
Defiance, Ohio 43512-8777

To the Board of Trustees:

We have audited the accompanying financial statements of Tiffin Township, Defiance County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 15, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 15, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 15, 2000.

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

Jim Petro
Auditor of State

March 15, 2000



STATE OF OHIO
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TIFFIN TOWNSHIP

DEFIANCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 11, 2000**