



Mary Taylor, CPA
Auditor of State

MILL TOWNSHIP
TUSCARAWAS COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mill Township
Tuscarawas County
P.O. Box 106
Dennison, Ohio 44621

To the Board of Trustees:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mill Township, Tuscarawas County, Ohio, as of December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, and Fire and EMS Service Funds thereof for the year ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 16, 2008

Mill Township, Tuscarawas County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

This discussion and analysis of the Mill Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's 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 2006 are as follows:

Net assets of governmental activities increased \$68, an insignificant change from the prior year.

The Township's general receipts are primarily property and other local taxes and grants and entitlements. These receipts represent respectively 43 and 21 percent of the total cash received for governmental activities during the year.

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.

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.

Mill Township, Tuscarawas County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances 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 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 extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, all of the Township's services are reported as governmental activities. The Township does not have any business type activities.

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

Reporting the Township's Most Significant Funds

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

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. The Township's major governmental funds are the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire and EMS Service Fund, and the Miscellaneous Capital Projects Fund. 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.

Mill Township, Tuscarawas County
 Management's Discussion and Analysis
 For the Year Ended December 31, 2006
 Unaudited

The Township as a Whole

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

(Table 1)

Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$738,775	\$738,707
Net Assets		
Restricted for:		
Capital Projects	\$57	-
Permanent Fund:		
Nonexpendable	776	-
Other Purposes	529,252	\$510,589
Unrestricted	208,690	228,118
Total Net Assets	\$738,775	\$738,707

As mentioned previously, net assets of governmental activities increased \$68, an insignificant percent during 2006.

Mill Township, Tuscarawas County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities.

(Table 2)
Changes in Net Assets

	Governmental		Total Change
	Activities		
	2006	2005	
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$350	\$1,450	(\$1,100)
Operating Grants and Contributions	95,874	83,292	12,582
Total Program Receipts	<u>96,224</u>	<u>84,742</u>	<u>11,482</u>
General Receipts:			
Property and Other Local Taxes	184,975	205,161	(20,186)
Grants and Entitlements Not Restricted to Specific Programs	89,821	79,708	10,113
Sale of Notes	45,378	-	45,378
Earnings on Investments	9,123	4,240	4,883
Miscellaneous	1,940	-	1,940
Total General Receipts	<u>331,237</u>	<u>289,109</u>	<u>42,128</u>
Total Receipts	<u>427,461</u>	<u>373,851</u>	<u>53,610</u>
Disbursements:			
General Government	123,237	104,031	19,206
Public Safety	45,903	44,170	1,733
Public Works	189,912	149,206	40,706
Health	2,520	2,520	-
Capital Outlay	58,821	3,316	55,505
Principal Retirement	7,000	29,733	(22,733)
Interest and Fiscal Charges	-	887	(887)
Total Disbursements	<u>427,393</u>	<u>333,863</u>	<u>93,530</u>
Increase (Decrease) in Net Assets	68	39,988	(39,920)
Net Assets, January 1	<u>738,707</u>	<u>698,719</u>	<u>39,988</u>
Net Assets, December 31	<u>\$738,775</u>	<u>\$738,707</u>	<u>\$68</u>

Program receipts represent 23 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 77 percent of the Township's total receipts, and of this amount, over 55 percent are local taxes. State and federal grants and entitlements make up an additional 27 percent of the Township's general receipts. Sale of Notes make up an additional 14 percent of the Township's general receipts during 2006. Other receipts are insignificant and somewhat unpredictable revenue sources.

Mill Township, Tuscarawas County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the board of trustees, as well as internal services such as payroll and purchasing. These costs do not represent direct services to residents.

Public Works were the primary disbursements. These disbursements include the costs of constructing, maintaining, and repairing Township roads and bridges.

Governmental Activities

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public works, which account for 44 percent of all governmental disbursements. General government also represents a significant cost, about 29 percent. The next two 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.

Governmental Activities				
	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$123,237	(\$123,237)	\$104,031	(\$104,031)
Public Safety	45,903	(45,903)	44,170	(44,170)
Public Works	189,912	(94,683)	149,206	(66,562)
Health	2,520	(2,520)	2,520	(2,520)
Conservation-Recreation	-	350		1,450
Other	-	645		648
Capital Outlay	58,821	(58,821)	3,316	(3,316)
Principal Retirement	7,000	(7,000)	29,733	(29,733)
Interest and Fiscal Charges	-	-	887	(887)
Total Expenses	\$427,393	(\$331,169)	\$333,863	(\$249,121)

The dependence upon property tax receipts is apparent as over 43 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$427,461 and disbursements of \$427,393. The greatest percentage change within governmental funds occurred within the Road and Bridge Fund. The fund balance of the Road and Bridge Fund decreased \$29,522 as the result of increased public works expenditures.

Mill Township, Tuscarawas County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

General Fund Budgeting Highlights

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

During 2006, the Township did not amend its General Fund budget. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$313,264 while actual disbursements were \$162,978. The Township kept disbursements significantly below appropriations. However, disbursements still exceeded actual receipts, resulting in the decrease of the fund balance of \$19,427 for 2006.

Debt Administration

At December 31, 2006, the Township's outstanding debt included \$45,296 issued for the purchase of a brush truck. For further information regarding the Township's debt, refer to the notes to the basic financial statements.

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.

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 James Ong, Fiscal Officer, Mill Township, P.O. Box 106, Dennison, Ohio 44621.

**MILL TOWNSHIP
TUSCARAWAS COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2006*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$738,775</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$57
Permanent Fund:	
Nonexpendable	776
Other Purposes	529,252
Unrestricted	208,690
<i>Total Net Assets</i>	<u><u>\$738,775</u></u>

See accompanying notes to the basic financial statements

**MILL TOWNSHIP
TUSCARAWAS COUNTY**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2006*

	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	\$123,237		(\$123,237)
Public Safety	45,903		(45,903)
Public Works	189,912		(94,683)
Health	2,520		(2,520)
Conservation - Recreation		\$350	350
Other			645
Capital Outlay	58,821		(58,821)
Debt Service:			
Principal Retirement	7,000		(7,000)
<i>Total Governmental Activities</i>	<u>\$427,393</u>	<u>\$350</u>	<u>\$95,874</u>
			(331,169)
General Receipts			
Property and Other Local Taxes			184,975
Grants and Entitlements not Restricted to Specific Programs			89,821
Sale of Notes			45,378
Earnings on Investments			9,123
Miscellaneous			1,940
<i>Total General Receipts</i>			<u>331,237</u>
Change in Net Assets			68
<i>Net Assets Beginning of Year</i>			<u>738,707</u>
<i>Net Assets End of Year</i>			<u>\$738,775</u>

See accompanying notes to the basic financial statements

**MILL TOWNSHIP
TUSCARAWAS COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006*

	GENERAL	MOTOR VEHICLE LICENSE TAX	GASOLINE TAX	ROAD AND BRIDGE	FIRE AND EMS SERVICE	MISCELLANEOUS CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets								
Equity in Pooled Cash and Cash Equivalents	\$208,690	\$44,827	\$308,194	\$133,598	\$42,633	\$57	\$776	\$738,775
Fund Balances								
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	208,690							208,690
Special Revenue Funds		44,827	308,194	133,598	42,633			529,252
Capital Projects Funds						57		57
Permanent Funds							776	776
Total Fund Balances	<u>\$208,690</u>	<u>\$44,827</u>	<u>\$308,194</u>	<u>\$133,598</u>	<u>\$42,633</u>	<u>\$57</u>	<u>\$776</u>	<u>738,775</u>

See accompanying notes to the basic financial statements

**MILL TOWNSHIP
TUSCARAWAS COUNTY**

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

	GENERAL	MOTOR VEHICLE LICENSE TAX	GASOLINE TAX	ROAD AND BRIDGE	FIRE AND EMS SERVICE	MISCELLANEOUS CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts								
Property and Other Local Taxes	\$72,319			\$88,028	\$24,628			\$184,975
Charges for Services	350							350
Intergovernmental	64,739	\$12,149	\$83,080	20,354	5,373			185,695
Earnings on Investments	6,143	462	2,507				\$11	9,123
Miscellaneous			1,800	140				1,940
Total Receipts	143,551	12,611	87,387	108,522	30,001	-	11	382,083
Disbursements								
Current:								
General Government	121,120			2,117				123,237
Public Safety	18,838				27,065			45,903
Public Works		13,363	40,622	135,927				189,912
Health	2,520							2,520
Capital Outlay	13,500					\$45,321		58,821
Debt Service:								
Principal Retirement	7,000							7,000
Total Disbursements	162,978	13,363	40,622	138,044	27,065	45,321	-	427,393
Excess of Receipts Over (Under) Disbursements	(19,427)	(752)	46,765	(29,522)	2,936	(45,321)	11	(45,310)
Other Financing Sources (Uses)								
Sale of Notes						45,378		45,378
Total Other Financing Sources (Uses)	-	-	-	-	-	45,378	-	45,378
Net Change in Fund Balances	(19,427)	(752)	46,765	(29,522)	2,936	57	11	68
Fund Balances Beginning of Year	228,117	45,579	261,429	163,120	39,697	-	765	738,707
Fund Balances End of Year	\$208,690	\$44,827	\$308,194	\$133,598	\$42,633	\$57	\$776	\$738,775

See accompanying notes to the basic financial statements

**MILL TOWNSHIP
TUSCARAWAS COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$78,064	\$78,064	\$72,319	(\$5,745)
Charges for Services	1,300	1,300	350	(950)
Intergovernmental	55,840	55,840	64,739	8,899
Earnings on Investments	3,000	3,000	6,143	3,143
<i>Total Receipts</i>	138,204	138,204	143,551	5,347
Disbursements				
Current:				
General Government	179,764	179,764	121,120	58,644
Public Safety	40,500	40,500	18,838	21,662
Health	3,000	3,000	2,520	480
Capital Outlay	56,000	56,000	13,500	42,500
Debt Service:				
Principal Retirement	32,000	32,000	7,000	25,000
Interest and Fiscal Charges	2,000	2,000		2,000
<i>Total Disbursements</i>	313,264	313,264	162,978	150,286
<i>Net Change in Fund Balance</i>	(175,060)	(175,060)	(19,427)	155,633
<i>Fund Balance Beginning of Year</i>	228,117	228,117	228,117	-
<i>Fund Balance End of Year</i>	\$53,057	\$53,057	\$208,690	\$155,633

See accompanying notes to the basic financial statements

**MILL TOWNSHIP
TUSCARAWAS COUNTY**

*Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual -Budget Basis
Motor Vehicle License Tax Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Intergovernmental	\$9,400	\$9,400	\$12,149	\$2,749
Earnings on Investments	103	103	462	359
<i>Total Receipts</i>	<u>9,503</u>	<u>9,503</u>	<u>12,611</u>	<u>3,108</u>
Disbursements				
Current:				
Public Works	<u>29,500</u>	<u>29,500</u>	<u>13,363</u>	<u>16,137</u>
<i>Net Change in Fund Balance</i>	(19,997)	(19,997)	(752)	19,245
<i>Fund Balance Beginning of Year</i>	<u>45,579</u>	<u>45,579</u>	<u>45,579</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$25,582</u>	<u>\$25,582</u>	<u>\$44,827</u>	<u>\$19,245</u>

See accompanying notes to the basic financial statements

**MILL TOWNSHIP
TUSCARAWAS 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*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$53,500	\$53,500	\$83,080	\$29,580
Earnings on Investments	590	590	2,507	1,917
Miscellaneous			1,800	1,800
<i>Total Receipts</i>	<u>54,090</u>	<u>54,090</u>	<u>87,387</u>	<u>33,297</u>
Disbursements				
Current:				
Public Works	119,000	119,000	40,622	78,378
<i>Net Change in Fund Balance</i>	(64,910)	(64,910)	46,765	111,675
<i>Fund Balance Beginning of Year</i>	<u>261,429</u>	<u>261,429</u>	<u>261,429</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$196,519</u>	<u>\$196,519</u>	<u>\$308,194</u>	<u>\$111,675</u>

See accompanying notes to the basic financial statements

**MILL TOWNSHIP
TUSCARAWAS 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*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$92,330	\$92,330	\$88,028	(\$4,302)
Intergovernmental	10,500	10,500	20,354	9,854
Miscellaneous			140	140
<i>Total Receipts</i>	<u>102,830</u>	<u>102,830</u>	<u>108,522</u>	<u>5,692</u>
Disbursements				
Current:				
General Government	2,800	2,800	2,117	683
Public Works	185,000	185,000	135,927	49,073
<i>Total Disbursements</i>	<u>187,800</u>	<u>187,800</u>	<u>138,044</u>	<u>49,756</u>
<i>Net Change in Fund Balance</i>	(84,970)	(84,970)	(29,522)	55,448
<i>Fund Balance Beginning of Year</i>	<u>163,120</u>	<u>163,120</u>	<u>163,120</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$78,150</u></u>	<u><u>\$78,150</u></u>	<u><u>\$133,598</u></u>	<u><u>\$55,448</u></u>

See accompanying notes to the basic financial statements

**MILL TOWNSHIP
TUSCARAWAS COUNTY**

*Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual -Budget Basis
Fire and EMS Service Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$25,852	\$25,852	\$24,628	(\$1,224)
Intergovernmental	3,350	3,350	5,373	2,023
<i>Total Receipts</i>	<u>29,202</u>	<u>29,202</u>	<u>30,001</u>	<u>799</u>
Disbursements				
Current:				
Public Safety	33,000	33,000	27,065	5,935
<i>Net Change in Fund Balance</i>	(3,798)	(3,798)	2,936	6,734
<i>Fund Balance Beginning of Year</i>	<u>39,697</u>	<u>39,697</u>	<u>39,697</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$35,899</u>	<u>\$35,899</u>	<u>\$42,633</u>	<u>\$6,734</u>

See accompanying notes to the basic financial statements

MILL TOWNSHIP
TUSCARAWAS COUNTY
Statement of Fiduciary Net Assets - Cash Basis
December 31, 2006

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$567</u>
Net Assets	
Restricted for:	
Other Purposes	<u><u>\$567</u></u>

See accompanying notes to the basic financial statements

Note 1 – Reporting Entity

Mill Township, Tuscarawas 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 publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

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

A. Primary Government

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

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Mill Township has no component units.

C. Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:
Ohio Township Association Risk Management Authority (OTARMA)

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. Following are the more significant of the Township's accounting policies.

Note 2 – Summary of Significant Accounting Policies (Continued)

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. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. All activities of the Township are governmental activities. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. 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.

Fund Financial Statements

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

B. Fund Accounting

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

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 are: the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire and EMS Service Fund, and the Miscellaneous Capital Projects Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Motor Vehicle License Tax Fund, Gasoline Tax Fund and the Road and Bridge Funds receive license tax money, gasoline tax money and property tax money, respectively, to pay for constructing, maintaining and repairing Township roads and bridges. The Fire and EMS Service Fund receives property tax money to provide emergency fire and medical services to residents of the Township. The Miscellaneous Capital Projects Fund was used to account for loan proceeds to be used for equipment purchases.

Note 2 – Summary of Significant Accounting Policies (continued)

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 pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township's agency fund accounts for road opening deposits and road bonds.

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 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 alternative tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

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

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

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

E. Cash

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".

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 2006 was \$6,143.

F. Restricted Assets

Cash and cash equivalents 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. The Township does not have any restricted cash assets.

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 employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

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.

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 maintaining and repairing Township roads and emergency fire and rescue services. 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.

Note 2 – Summary of Significant Accounting Policies (continued)

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. No fund balance reserves have established as of December 31, 2006.

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.

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 and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no encumbrances outstanding at year end (budgetary basis) in the general fund or any major special revenue fund.

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.

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

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 year end, \$653,699 of the Township's bank balance of \$753,699 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities specifically pledged by the financial institution to the Township.

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

Investments

As of December 31, 2006, the Township had no investments.

Mill Township, Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) is for 2006 taxes.

2006 real property taxes are 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. 2006 real property taxes are collected in and intended to finance 2007.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes which became a lien on December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2006, was \$5.05 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$48,420,400
Public Utility Property	4,288,570
Tangible Personal Property	15,657,348
Total Assessed Values	<u>\$68,366,318</u>

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

Note 6 – Risk Management

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

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

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

Note 6 – Risk Management (continued)

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

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

Mill Township, Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 6 – Risk Management (continued)

Financial Position

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

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

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$23,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

<u>Year</u>	<u>Contribution</u>
2006	\$11,144
2005	\$11,051
2004	\$11,046

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 – Defined Benefit Pension Plan

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

For the year ended December 31, 2006, all employees were required to contribute 9% of their annual covered salaries/wages. The Township's pension contributions were 13.7% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for the years ended December 31, 2006, 2005, and 2004 were \$10,891, \$13,701 and \$13,448, respectively; the full amount has been contributed for 2006, 2005 and 2004.

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 qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. 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 2006 local government employer contribution rate was 13.7 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 individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 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 6.3 percent based on additional annual pay increases. Health care costs 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 value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

Mill Township, Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 8 – Postemployment Benefits (continued)

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$3,577. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 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. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Note 9 – Debt

The Township's debt activity for the year ended December 31, 2006, was as follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<u>Governmental Activities</u>						
Building Loan	0.00%	\$7,000	\$0	\$7,000	\$0	\$0
Brush Truck – Loan 109248	5.70%	\$0	\$31,773	\$0	\$31,773	\$31,773
Brush Truck – Loan 109249	5.70%	\$0	\$13,523	\$0	\$13,523	\$0
Total		\$7,000	\$45,296	\$7,000	\$45,296	\$31,773

During 2006, the Township entered into 2 separate note agreements with a local financial institution for the purpose of purchasing a brush truck for use by the Township. The total amount on the second note, Loan 109249, was not received as of year end. Consequently, the annual debt service requirements for this loan will not be presented.

The following is a summary of the Township's future annual debt service requirements:

Year	Brush Truck – Loan 109248	
	Principal	Interest
2007	\$31,773	\$1,836

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Mill Township
Tuscarawas County
P.O. Box 106
Dennison, Ohio 44621

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mill Township, Tuscarawas County, Ohio, (the Township) as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 16, 2008, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the 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 the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

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www.auditor.state.oh.us

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain internal control matters that we reported to the Township's management in a separate letter dated September 16, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated September 16, 2008.

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



Mary Taylor, CPA
Auditor of State

September 16, 2008

**MILL TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Ohio Rev. Code Section 5705.41(D) – During fiscal year 2005, 100% of expenditures tested were not certified as to the availability of funds by the Township Clerk prior to incurring the obligations.	No	Partially Corrected
2005-002	Ohio Rev. Code Section 5705.09(F) – During 2005, the Township received revenues totaling \$1,450 from the sale of, opening, and closing of burial plots which were initially recorded in the General Fund. The Township should establish a Cemetery Fund.	Yes	Finding No Longer Valid



Mary Taylor, CPA
Auditor of State

MILL TOWNSHIP

TUSCARAWAS 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
OCTOBER 7, 2008**