



**TROY TOWNSHIP
WOOD 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

Troy Township
Wood County
311 Krotzer Avenue
P.O. Box 128
Luckey, Ohio 43443-0128

To the Board of Trustees:

We have audited the accompanying financial statements of Troy Township, Wood County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 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 audits.

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 and reserves for encumbrances of the Township as of December 31, 1999 and December 31, 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 August 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 the audit committee, management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Jim Petro
Auditor of State

August 15, 2000

TROY TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL 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>	
Cash Receipts:				
Local Taxes	\$96,808	\$193,712		\$290,520
Intergovernmental	136,517	80,548		217,065
Special Assessments		3,237	\$4,017	7,254
Licenses, Permits, and Fees	5,970	16,975		22,945
Earnings on Investments	15,891	993		16,884
Other Revenue	34,614	10,243		44,857
Total Cash Receipts	<u>289,800</u>	<u>305,708</u>	<u>4,017</u>	<u>599,525</u>
Cash Disbursements:				
Current:				
General Government	175,629	55,609		231,238
Public Safety	27,135	43,470		70,605
Public Works	32,765	181,080	3,527	217,372
Health	2,944	54,758		57,702
Capital Outlay	82,770	11,535		94,305
Total Cash Disbursements	<u>321,243</u>	<u>346,452</u>	<u>3,527</u>	<u>671,222</u>
Total Receipts Over/(Under) Disbursements	<u>(31,443)</u>	<u>(40,744)</u>	<u>490</u>	<u>(71,697)</u>
Other Financing Receipts:				
Other Sources	<u>3,176</u>			<u>3,176</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(28,267)	(40,744)	490	(68,521)
Fund Cash Balances, January 1	<u>239,852</u>	<u>289,891</u>	<u>1,894</u>	<u>531,637</u>
Fund Cash Balances, December 31	<u>\$211,585</u>	<u>\$249,147</u>	<u>\$2,384</u>	<u>\$463,116</u>
Reserve for Encumbrances, December 31	<u>\$8</u>	<u>\$248</u>		<u>\$256</u>

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

TROY TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL 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>	
Cash Receipts:				
Local Taxes	\$93,280	\$180,648		\$273,928
Intergovernmental	89,139	87,825		176,964
Special Assessments			\$4,138	4,138
Charges for Services	3,933			3,933
Licenses, Permits, and Fees	4,330	19,912		24,242
Earnings on Investments	14,375	972		15,347
Other Revenue	25,192	20,766		45,958
Total Cash Receipts	<u>230,249</u>	<u>310,123</u>	<u>4,138</u>	<u>544,510</u>
Cash Disbursements:				
Current:				
General Government	121,589	44,375		165,964
Public Safety	26,043	23,624		49,667
Public Works	87,213	83,794	3,468	174,475
Health	2,954	33,073		36,027
Capital Outlay	23,000	16,122		39,122
Total Cash Disbursements	<u>260,799</u>	<u>200,988</u>	<u>3,468</u>	<u>465,255</u>
Total Receipts Over/(Under) Disbursements	<u>(30,550)</u>	<u>109,135</u>	<u>670</u>	<u>79,255</u>
Other Financing Receipts:				
Other Sources	4,111			4,111
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(26,439)	109,135	670	83,366
Fund Cash Balances, January 1	<u>266,291</u>	<u>180,756</u>	<u>1,224</u>	<u>448,271</u>
Fund Cash Balances, December 31	<u>\$239,852</u>	<u>\$289,891</u>	<u>\$1,894</u>	<u>\$531,637</u>
Reserve for Encumbrances, December 31	<u>\$4,119</u>	<u>\$381</u>		<u>\$4,500</u>

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Troy Township, Wood 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 cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Wood County Sheriff's department to provide security of persons and property.

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.

TROY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(CONTINUED)

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).

Special Assessment Fund - This fund receives special assessment money that is collected for any special project that is to be done in the Township.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

TROY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(CONTINUED)

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	\$162,659	\$331,637
Certificates of deposit	300,457	200,000
Total deposits	<u>\$463,116</u>	<u>\$531,637</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$260,750	\$292,976	\$32,226
Special Revenue	281,550	305,708	24,158
Capital Projects	4,100	4,017	(83)
Total	<u>\$546,400</u>	<u>\$602,701</u>	<u>\$56,301</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$592,198	\$321,251	\$270,947
Special Revenue	586,197	346,700	239,497
Capital Projects	5,994	3,527	2,467
Total	<u>\$1,184,389</u>	<u>\$671,478</u>	<u>\$512,911</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$485,671	\$234,360	(\$251,311)
Special Revenue	293,594	310,123	16,529
Capital Projects	4,100	4,138	38
Total	<u>\$783,365</u>	<u>\$548,621</u>	<u>(\$234,744)</u>

**TROY TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(CONTINUED)**

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$633,617	\$264,918	\$368,699
Special Revenue	605,768	201,369	404,399
Capital Projects	4,927	3,468	1,459
Total	\$1,244,312	\$469,755	\$774,557

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.

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

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members 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

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



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

Troy Township
Wood County
311 Krotzer Avenue
P.O. Box 128
Luckey, Ohio 43443-0128

To the Board of Trustees:

We have audited the accompanying financial statements of Troy Township, Wood County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 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 August 15, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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.

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

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

Jim Petro
Auditor of State

August 15, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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TROY TOWNSHIP

WOOD 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
SEPTEMBER 26, 2000**