



**TROY TOWNSHIP  
GEAUGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Troy Township  
Geauga County  
13950 Main Market Road  
Burton, Ohio 44021

To the Board of Trustees:

We have audited the accompanying financial statements of Troy Township, Geauga 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 Troy Township, Geauga County, Ohio, 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 March 10, 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

March 10, 2000

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**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>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>						
Local Taxes	\$61,933	\$308,646	\$0	\$0	\$0	\$370,579
Intergovernmental	109,013	91,170	0	120,000	0	320,183
Licenses, Permits, and Fees	5,400	0	0	0	0	5,400
Interest	6,010	2,080	0	0	9	8,099
Other Revenue	7,396	3,788	0	0	0	11,184
	<u>189,752</u>	<u>405,684</u>	<u>0</u>	<u>120,000</u>	<u>9</u>	<u>715,445</u>
<b>Total Cash Receipts</b>						
<b>Cash Disbursements:</b>						
Current:						
General Government	82,928	0	0	0	0	82,928
Public Safety	0	48,369	0	0	0	48,369
Public Works	22,532	194,869	0	26	0	217,427
Health	16,486	1,785	0	0	0	18,271
Conservation - Recreation	10,787	0	0	0	0	10,787
Capital Outlay	300	226,263	0	140,624	0	367,187
	<u>133,033</u>	<u>471,286</u>	<u>0</u>	<u>140,650</u>	<u>0</u>	<u>744,969</u>
<b>Total Cash Disbursements</b>						
Total Receipts Over/(Under) Disbursements	<u>56,719</u>	<u>(65,602)</u>	<u>0</u>	<u>(20,650)</u>	<u>9</u>	<u>(29,524)</u>
<b>Other Financing Receipts/(Disbursements):</b>						
Operating Transfer In	0	0	0	46,911	0	46,911
Operating Transfer Out	(46,911)	0	0	0	0	(46,911)
	<u>(46,911)</u>	<u>0</u>	<u>0</u>	<u>46,911</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>						
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	9,808	(65,602)	0	26,261	9	(29,524)
Fund Cash Balances, January 1	<u>138,276</u>	<u>350,212</u>	<u>627</u>	<u>27,000</u>	<u>657</u>	<u>516,772</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$148,084</u></b>	<b><u>\$284,610</u></b>	<b><u>\$627</u></b>	<b><u>\$53,261</u></b>	<b><u>\$666</u></b>	<b><u>\$487,248</u></b>
Reserve for Encumbrances, December 31	<u>\$8,511</u>	<u>\$38,729</u>	<u>\$0</u>	<u>\$6,000</u>	<u>\$0</u>	<u>\$53,240</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>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>						
Local Taxes	\$54,456	\$271,752	\$0	\$0	\$0	\$326,208
Intergovernmental	68,839	86,597	0	0	0	155,436
Licenses, Permits, and Fees	5,268	0	0	0	0	5,268
Special Assessments	0	3	0	0	0	3
Earnings on Investments	6,085	2,219	0	0	12	8,316
Other Revenue	8,055	9,033	0	0	0	17,088
<b>Total Cash Receipts</b>	<u>142,703</u>	<u>369,604</u>	<u>0</u>	<u>0</u>	<u>12</u>	<u>512,319</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	82,678	0	0	0	0	82,678
Public Safety	0	31,787	0	0	0	31,787
Public Works	15,300	246,780	0	0	0	262,080
Health	16,949	403	0	0	0	17,352
Conservation - Recreation	12,290	0	0	0	0	12,290
Capital Outlay	0	8,975	0	1,800	0	10,775
<b>Total Cash Disbursements</b>	<u>127,217</u>	<u>287,945</u>	<u>0</u>	<u>1,800</u>	<u>0</u>	<u>416,962</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>15,486</u>	<u>81,659</u>	<u>0</u>	<u>(1,800)</u>	<u>12</u>	<u>95,357</u>
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In	0	0	0	8,597	0	8,597
Transfers-Out	(8,597)	0	0	0	0	(8,597)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(8,597)</u>	<u>0</u>	<u>0</u>	<u>8,597</u>	<u>0</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>6,889</u>	<u>81,659</u>	<u>0</u>	<u>6,797</u>	<u>12</u>	<u>95,357</u>
<b>Fund Cash Balances, January 1</b>	<u>131,387</u>	<u>268,553</u>	<u>627</u>	<u>20,203</u>	<u>645</u>	<u>421,415</u>
<b>Fund Cash Balances, December 31</b>	<u>\$138,276</u>	<u>\$350,212</u>	<u>\$627</u>	<u>\$27,000</u>	<u>\$657</u>	<u>\$516,772</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$17,075</u>	<u>\$38,909</u>	<u>\$0</u>	<u>\$337</u>	<u>\$0</u>	<u>\$56,321</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**

Troy Township, Geauga County, Ohio, (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 and park operations (leisure time activities).

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**

The Township has an interest-bearing checking account.

**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.

Fire District Fund - This fund receives property tax money to provide fire protection to Township residents.

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Capital Projects Funds**

These funds are used to account for receipts for the acquisition or construction of major capital projects. The Township had the following significant Capital Project Fund:

Permanent Improvement Fund - This fund received OPWC grant money for repairing Township roads.

**E. Budgetary Process**

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

**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.

**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.

**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 cash basis of accounting used by the Township.

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

**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:

	<b>1999</b>	<b>1998</b>
Total Demand deposits	\$487,248	\$516,772

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**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	\$124,223	\$189,752	\$65,529
Special Revenue	340,898	405,684	64,786
Capital Projects	120,000	166,911	46,911
Nonexpendable Trust	17	9	(8)
Total	\$585,138	\$762,356	\$177,218

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$262,499	\$188,455	\$74,044
Special Revenue	690,830	510,015	180,815
Capital Projects	147,000	146,650	350
Nonexpendable Trust	675	0	675
Total	\$1,101,004	\$845,120	\$255,884

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$248,933	\$142,703	(\$106,230)
Special Revenue	529,058	369,604	(159,454)
Capital Projects	89,610	8,597	(81,013)
Nonexpendable Trust	17	12	(5)
Total	\$867,618	\$520,916	(\$346,702)

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

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$246,144	\$152,889	\$93,255
Special Revenue	598,721	326,854	271,867
Capital Projects	20,177	2,137	18,040
Nonexpendable Trust	662	0	662
Total	\$865,704	\$481,880	\$383,824

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, the first half is due December 31. The second half payment is due the following June 20.

Public Utilities are also taxed on personal and real property located within the Township.

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

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

**5. RETIREMENT SYSTEMS**

Employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The 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 wages to PERS. The Township contributed an amount equal to 13.55% of participants' gross wages. The Township has paid all contributions required through December 31, 1999.

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

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Township General Liability
- Public Officials Liability
- Police Professional Liability
- Township Automobile
- Township Property Coverage

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

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

Troy Township  
Geauga County  
13950 Main Market Road  
Burton, Ohio 44021

To the Board of Trustees:

We have audited the accompanying financial statements of Troy Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 10, 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 the 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*.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter date March 10, 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.

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

**Jim Petro**  
Auditor of State

March 10, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**TROY TOWNSHIP**

**GEAUGA 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**