

TROY TOWNSHIP
DELAWARE COUNTY, OHIO

Financial Statements
December 31, 2006 and 2005

Wolf, Rogers, Dickey & Co.
Certified Public Accountants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Troy Township
2378 Horseshoe Road
Delaware, Ohio 43015

We have reviewed the *Independent Auditors' Report* of Troy Township, Delaware County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Troy Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 5, 2007

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Troy Township
Delaware County, Ohio

For the Years Ended
December 31, 2006 and 2005

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Wolf, Rogers, Dickey & Co.

Certified Public Accountants
38 South Franklin Street
P. O. Box 352
Delaware, Ohio 43015-0352

Telephone: 740-362-9031
Fax: 740-363-7799

Independent Auditors' Report

Troy Township
Delaware County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Troy Township, Delaware County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005. 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. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in note 1, the Township has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity-wide statements and also to present larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006 and 2005, or their changes in financial position for the years then ended.

Also, 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, Delaware County, Ohio as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, 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* and should be read in conjunction with this report in considering the results of our audit.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

October 1, 2007

Troy Township
Delaware County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2006

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Local taxes	\$ 95,593	9,865	-	105,458
Intergovernmental	47,792	89,998	-	137,790
License, permits and fees	10,286	6,951	-	17,237
Earnings on investments	15,083	9,094	-	24,177
Other revenue	<u>1,328</u>	<u>3,900</u>	<u>-</u>	<u>5,228</u>
Total cash receipts	<u>170,082</u>	<u>119,808</u>	<u>-</u>	<u>289,890</u>
Cash disbursements:				
Current:				
General government	114,446	-	-	114,446
Public works	31,247	141,115	-	172,362
Health	19,512	3,704	-	23,216
Other	<u>-</u>	<u>797</u>	<u>-</u>	<u>797</u>
Total cash disbursements	<u>165,205</u>	<u>145,616</u>	<u>-</u>	<u>310,821</u>
Total receipts over (under) disbursements	4,877	(25,808)	-	(20,931)
Fund cash balances, January 1	<u>124,268</u>	<u>265,209</u>	<u>250,000</u>	<u>639,477</u>
Fund cash balances, December 31	\$ <u>129,145</u>	<u>239,401</u>	<u>250,000</u>	<u>618,546</u>
Reserve for encumbrances	\$ <u>2,234</u>	<u>1,426</u>	<u>-</u>	<u>3,660</u>

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

Troy Township
Delaware County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2005

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Local taxes	\$ 85,075	7,281	-	92,356
Intergovernmental	49,520	89,512	-	139,032
Licenses, permits and fees	6,091	6,645	-	12,736
Earnings on investments	11,806	5,010	-	16,816
Other revenue	<u>221</u>	<u>5,500</u>	<u>-</u>	<u>5,721</u>
Total cash receipts	<u>152,713</u>	<u>113,948</u>	<u>-</u>	<u>266,661</u>
Cash disbursements:				
Current:				
General government	122,476	-	-	122,476
Public works	5,004	128,081	-	133,085
Health	19,353	1,972	-	21,325
Capital outlay	<u>-</u>	<u>455</u>	<u>-</u>	<u>455</u>
Total cash disbursements	<u>146,833</u>	<u>130,508</u>	<u>-</u>	<u>277,341</u>
Total receipts over (under) disbursements	5,880	(16,560)	-	(10,680)
Other financing receipts (disbursements):				
Transfers in	-	97,000	-	97,000
Transfers out	<u>(97,000)</u>	<u>-</u>	<u>-</u>	<u>(97,000)</u>
Total other financing receipts (disbursements)	<u>(97,000)</u>	<u>97,000</u>	<u>-</u>	<u>-</u>
Total receipts over (under) disbursements	(91,120)	80,440	-	(10,680)
Fund cash balances, January 1	<u>215,388</u>	<u>184,769</u>	<u>250,000</u>	<u>650,157</u>
Fund cash balances, December 31	\$ <u>124,268</u>	<u>265,209</u>	<u>250,000</u>	<u>639,477</u>
Reserve for encumbrances	\$ <u><u>1,312</u></u>	<u><u>1,026</u></u>	<u><u>-</u></u>	<u><u>2,338</u></u>

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

Troy Township
Delaware County, Ohio
Notes to the Financial Statements
December 31, 2006 and 2005

(1) Summary of Significant Accounting Policies

Description of the Entity

Troy Township, Delaware 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 road and bridge maintenance and cemetery maintenance. The Township also jointly governs the Tri-Township Fire District. The Fire District is governed by one trustee each from Delaware Township, Brown Township and Troy Township.

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

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, 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 of Ohio.

Cash and Investments

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

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:

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.

Troy Township
Delaware County, Ohio
Notes to the Financial Statements, continued
December 31, 2006 and 2005

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

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:

Motor Vehicle License – This fund receives vehicle registration tax money.

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

Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects.

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. Appropriations lapse at year end.

Estimated Resources

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

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. The Township did not encumber all commitments required by Ohio law. Management has included audit adjustments in the financial statements and accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

Troy Township
 Delaware County, Ohio
 Notes to the Financial Statements, continued
 December 31, 2006 and 2005

(1) Summary of Significant Accounting Policies, continued

Property, Plant and Equipment

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

(2) Equity in Pooled Cash and Investments

The Township maintains a cash and investment 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>2006</u>	<u>2005</u>
Demand deposits	\$ 181,492	137,681
STAR Ohio	<u>457,985</u>	<u>480,865</u>
Total	\$ <u>639,477</u>	<u>618,546</u>

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool. The Township has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes.

(3) Budgetary Activity

Budgetary activity for the years ended December 31, 2006 and 2005 follows:

<u>Fund Type</u>	<u>2006 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 165,904	170,082	4,178
Special Revenue	<u>148,190</u>	<u>119,808</u>	(<u>28,382</u>)
Total	\$ <u>314,094</u>	<u>289,890</u>	(<u>24,204</u>)

<u>Fund Type</u>	<u>2006 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 266,672	167,439	99,233
Special Revenue	<u>184,981</u>	<u>147,042</u>	<u>37,939</u>
Total	\$ <u>451,653</u>	<u>314,481</u>	<u>137,172</u>

Troy Township
 Delaware County, Ohio
 Notes to the Financial Statements, continued
 December 31, 2006 and 2005

(3) Budgetary Activity, continued

<u>2005 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 148,583	152,713	4,130
Special Revenue	<u>235,741</u>	<u>210,948</u>	<u>(24,793)</u>
Total	\$ <u>384,324</u>	<u>363,661</u>	<u>(20,663)</u>

<u>2005 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 138,900	245,145	(106,245)
Special Revenue	<u>255,775</u>	<u>131,534</u>	<u>124,241</u>
Total	\$ <u>394,675</u>	<u>376,679</u>	<u>17,996</u>

Contrary to Ohio law, actual expenditures in 2005 exceeded amended appropriations by \$106,245 in the General Fund.

Contrary to Ohio Law, appropriations in the amended appropriations measure for 2005 exceeded estimated resources by \$13,126 in the Motor Vehicle License Tax Fund and by \$19,327 in the Gasoline Tax Fund.

(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 of Ohio, 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.

Troy Township
Delaware County, Ohio
Notes to the Financial Statements, continued
December 31, 2006 and 2005

(5) Retirement Systems

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. These plans 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 2006 and 2005, PERS members contributed 9% and 8.5%, respectively of their gross salaries. The Township contributed an amount equal to 13.7% and 13.55%, respectively of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

(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 Workers' Compensation.

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses, resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004 (the latest information available):

Troy Township
 Delaware County, Ohio
 Notes to the Financial Statements, continued
 December 31, 2006 and 2005

(6) Risk Management, continued

	P.	<u>2004</u>
Assets	\$ 8,219,430	6,685,522
Liabilities	(2,748,639)	(2,227,808)
Members' Equity	\$ <u>5,470,791</u>	<u>4,457,714</u>

The completed audited financial statements for The Ohio Government Risk Management Plan are available at the Plan's website, www.ohioplan.org.

(7) Litigation

The Township is involved in a litigation proceeding which is in the ordinary course of the Township's activities. The amount of liability, if any, cannot be determined with certainty; however, management is of the opinion that the outcome of the claim will not have a material adverse impact on financial position. Due to uncertainties in the settlement process, it is at least reasonably possible that management's estimate of the outcome will change within the next year.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants
38 South Franklin Street
P. O. Box 352
Delaware, Ohio 43015-0352

Telephone: 740-362-9031
Fax: 740-363-7799

**Independent Accountants' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Based On An Audit Of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Troy Township
Delaware County, Ohio

To the Board of Trustees:

We have audited the financial statements of Troy Township, Delaware County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated October 1, 2007, wherein we noted the Township followed accounting practices the Auditor of State of Ohio prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our considerations of the internal control over financial reporting was for the limited purposes described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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.

We consider the following deficiencies in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: items 2006-04, 2006-05 and 2006-07.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2006-04 to be a material weakness.

In a separate letter to the Township's management dated October 1, 2007, we reported other matters involving internal controls over financial reporting that we did not deem significant deficiencies.

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 such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings items 2006-01, 2006-02, 2006-03, 2006-04, 2006-05 and 2006-06.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated October 1, 2007.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

October 1, 2007

Troy Township
Delaware County, Ohio
Schedule of Findings
December 31, 2006 and 2005

Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS

Finding Number 2006-01

Ohio Revised Code (ORC) Section 505.24(C) permits trustees to receive annual salaries instead of per diem payments. Adoption may be effected only by a unanimous vote of the board. It becomes effective on January 1 of the year following the year during which the board votes.

We noted during the reading of the board minutes that the method of payment for the elected officials was not established by a vote of the board.

Township Response

We are given the calculations for the Trustees salaries by the Ohio Township Association and I always call the Auditor of State's Office to make sure I am getting my figures from the correct source. They inform me that I am correct in where I am getting my figures and how I come up with my calculations. They did not tell me we had to vote on the method of payment we establish so we will be sure to do so at our organizational meeting this year.

Finding Number 2006-02

During our audit we found that the Township did not properly record revenue received from the State of Ohio and the Delaware County Auditor. We were able to verify that the Township received all revenue reported on the State and County Auditor's distribution lists. We found the Township did not properly use the classifications specified for the revenue received or consistently use the correct fund in recording the revenue.

During our testing, we found tax and intergovernmental revenue that was recorded in the incorrect funds, which caused fund cash balances to be misstated.

The Township should record all receipts in the proper fund and revenue account based on the classifications specified and be more consistent in recording revenue received from the State of Ohio and County Auditor.

Township Response

I will be more careful when recording my revenue and if in doubt try to call the Auditor of State's office. It is quite difficult to understand the checks that we receive because they do not give details of what they are for so I do not know where they should go anymore.

Troy Township
Delaware County, Ohio
Schedule of Findings, continued
December 31, 2006 and 2005

Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS

Finding Number 2006-03

ORC Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the Fiscal Officer is attached. The Fiscal Officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury when such contract or order is made.

ORC Section 5705.41 also provides that if no certificate was furnished at the time that the contract was entered into, the Fiscal Officer may prepare a Then and Now Certificate stating (1) that there was at the time of the making of the contract and (2) at the time of the execution of this certificate a sufficient sum appropriated for the purpose of the contract in question in the treasury or in process of collection to the credit of the appropriate fund, free from previous encumbrances. If such a certificate can be prepared by the Fiscal Officer, the board of township trustees may authorize the issuance of a warrant in payment of the amounts due upon the contract. However, the board of township trustees must adopt the resolution for payment within thirty days after the trustees receive the certificate from the Fiscal Officer, if the amount certified by the Fiscal Officer is greater than \$3,000.

During our testing of non-payroll related cash disbursements we noted that of the 6 out of 28 disbursements tested for 2005 and 7 out of 25 disbursements tested for 2006 had purchase orders that were dated after the invoice date. Failure to certify the availability of funds can result in overspending funds and negative cash fund balances. By issuing Then and Now Certificates, the Fiscal Officer can certify that both at the time that the contract was made (“then”), and at the time that the Fiscal Officer is completing the certification (“now”), that sufficient funds are available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the “Then and Now” Certificate to approve payment by ordinance or resolution.

In order to improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, “Then and Now” Certification should be used.

Township Response

I will watch my prior certification more closely.

Troy Township
Delaware County, Ohio
Schedule of Findings, continued
December 31, 2006 and 2005

Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS

Finding Number 2006-04

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue.

For 2005, the General Fund expenditures of \$245,145 exceeded final appropriations of \$138,900 as filed with the County Auditor.

Also for 2005, final amended appropriations for the Motor Vehicle License Fund of \$21,575 exceeded final estimated resources of \$8,449 and final amended appropriations for the Gasoline Tax Fund of \$194,000 exceeded final estimated resources of \$174,673.

For 2005 and 2006, appropriations and current year estimated resources for most funds, as listed on the UAN reports, did not agree to appropriations and Certificates of Estimated Resources filed with the County Auditor.

For 2005, there were no actual receipts recorded in the Capital Projects Funds, but the Second Amended Certificate included expected receipts of \$61,800. For the Special Revenue - Federal Fund, actual receipts were received of \$4,355 but not listed on the Amended Certificate of Estimated Resources or the Amended Appropriations report.

Township Response

I did not get any feedback from the Delaware County Auditor's Office so I assumed everything was okay. I guess I should not have assumed.

Troy Township
Delaware County, Ohio
Schedule of Findings, continued
December 31, 2006 and 2005

Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS

Finding Number 2006-05

ORC Section 5705.44 states that for contracts extending beyond the fiscal year end, the Fiscal Officer of the taxing authority shall make a certification for the amount required to meet the obligation of such contract maturing in a subsequent fiscal year. The amount of the unfilled obligation under such contract shall be included in the annual appropriation measure for the next year as fixed charge. During our search for unrecorded liabilities we noted that no encumbrances were reported for expenses paid in the next fiscal year.

The Fiscal Officer should identify the expenses on unfilled contracts at year end and include them in the annual appropriation for the next year.

Township Response

I will look into this and see if I understand what you are telling me I need to do. I follow the Uniform Accounting Network (UAN) guidelines for their end of year and beginning of year procedures on the UAN system so I am not sure why this would have happened.

Finding Number 2006-06

Per ORC Section 505.60 and 505.601, townships may reimburse a township officer or employee for out-of-pocket premiums for insurance policies. The reimbursement is permitted for a township officer or employee who is denied coverage under a township health care plan established pursuant to ORC Section 505.60, or who elects not to participate in the township's plan. The reimbursement cannot exceed an amount equal to the average premium paid by the township under the policies it procures [ORC Section 505.60(C)]. A township that does not procure health care benefits for its officers and employees is permitted to reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs. However, pursuant to ORC Section 505.601, the township must meet the following three conditions:

1. The board of township trustees adopts a resolution stating that the township has chosen not to procure a health care plan and has chosen instead to reimburse its officers and employees for each out-of-pocket premium.
2. The resolution provides for a uniform maximum monthly or yearly payment amount for each officer and employee.
3. The resolution states the specific benefits, pursuant to ORC Section 505.60(A), that will be reimbursed.

Although the Township has a resolution for reimbursement of insurance premiums, the resolutions are for a varying four year period for certain officers and there are no uniform maximum yearly payments.

Troy Township
Delaware County, Ohio
Schedule of Findings, continued
December 31, 2006 and 2005

Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS

Finding Number 2006-06, continued

The Township should adopt a resolution on the reimbursement of insurance premiums to township officers and employees for out-of-pocket premiums for insurance policies based on the criteria specified in ORC Section 505.601.

Township Response

The Trustees are in the process of changing our insurance policy and we will have it revised for our organizational meeting this year.

Finding Number 2006-07

Expenditures for capital purchases, operating supplies and legal fees were charged to “other expenses” in 2006. In many cases, the “other expenses” account is not in an appropriate account grouping for financial statement reporting. The Fiscal Officer indicates that this is done when there are insufficient appropriations remaining within the correct account code or if an account was not set up in the UAN accounting system. The UAN user manual provides instructions for activating additional account codes. In addition, appropriations may be amended or supplemented, provided the resources are available, by a resolution of the board. Capital expenditures totaling \$49,364 have been reclassified for financial statement presentation in 2006.

Township Response

I will make sure I activate account codes when needed to charge the correct accounts.



Mary Taylor, CPA
Auditor of State

TROY TOWNSHIP

DELAWARE 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
NOVEMBER 15, 2007**