

**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Troy Township
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We have reviewed the Independent Auditor's Report of Troy Township, Ashland County, prepared by Rea & Associates, Inc., for the audit period January 1, 2000 through December 31, 2001. 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.

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.

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

JIM PETRO
Auditor of State

June 17, 2002

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**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000**

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

May 7, 2002

Board of Trustees
Troy Township
Ashland County, Ohio

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Troy Township, Ashland County, as of and for the years ended December 31, 2001 and 2000, as listed in the table of contents. These financial statements are the responsibility of Troy 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 the 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 in Note 1, the Township, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Ohio, which is a comprehensive basis of accounting 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 combined cash balances of Troy Township, Ashland County, as of December 31, 2001 and 2000, and the 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 a report dated May 7, 2002 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. 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.

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

Rea & Associates, Inc.

**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Non-Expendable Trust	
CASH RECEIPTS:					
Taxes	\$ 15,195	\$ 66,413	\$ 0	\$ 0	\$ 81,608
Licenses, Permits, and Fees	3,500	1,400	0	0	4,900
Intergovernmental Receipts	41,522	75,022	0	0	116,544
Interest	656	92	659	31	1,438
All Other Revenue	1,121	5,900	0	0	7,021
Total Cash Receipts	61,994	148,827	659	31	211,511
CASH DISBURSEMENTS:					
General Government	48,643	0	0	0	48,643
Public Safety	0	14,440	0	0	14,440
Public Works	5,176	127,189	0	0	132,365
Health	1,886	594	0	0	2,480
Conservation - Recreation	2,159	0	0	0	2,159
Capital Outlay	0	2,702	0	0	2,702
Debt Service - Interest and Fiscal Charges	0	307	0	0	307
Total Cash Disbursements	57,864	145,232	0	0	203,096
Total Receipts Over (Under) Disbursements	4,130	3,595	659	31	8,415
OTHER FINANCING SOURCES (USES):					
Proceeds of Notes	0	10,000	0	0	10,000
Sale of Fixed Assets	0	1,200	0	0	1,200
Total Other Financing Sources (Uses)	0	11,200	0	0	11,200
Total of Receipts and Other Sources Over (Under) Disbursements and Other Financing Uses	4,130	14,795	659	31	19,615
Fund cash balances, beginning of year	15,734	30,615	11,912	3,000	61,261
Fund cash balances, end of year	\$ 19,864	\$ 45,410	\$ 12,571	\$ 3,031	\$ 80,876

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

**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Non-Expendable Trust	
CASH RECEIPTS:					
Taxes	\$ 15,661	\$ 69,183	\$ 0	\$ 0	\$ 84,844
Licenses, Permits, and Fees	3,890	1,250	0	0	5,140
Intergovernmental Receipts	29,231	67,982	192,692	0	289,905
Interest	933	259	986	44	2,222
All Other Revenue	1,103	4,700	0	0	5,803
Total Cash Receipts	50,818	143,374	193,678	44	387,914
CASH DISBURSEMENTS:					
General Government	41,974	0	0	0	41,974
Public Safety	0	12,413	0	0	12,413
Public Works	23,240	154,412	0	0	177,652
Health	765	3,449	0	0	4,214
Conservation - Recreation	3,532	0	0	0	3,532
Capital Outlay	0	3,600	192,692	0	196,292
Debt Service - Interest and Fiscal Charges	0	0	0	0	0
Total Cash Disbursements	69,511	173,874	192,692	0	436,077
Total Receipts Over (Under) Disbursements	(18,693)	(30,500)	986	44	(48,163)
OTHER FINANCING SOURCES (USES):					
Proceeds of Notes	0	0	0	0	0
Sale of Fixed Assets	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Total of Receipts and Other Sources Over (Under) Disbursements and Other Financing Uses	(18,693)	(30,500)	986	44	(48,163)
Fund cash balances, beginning of year	34,427	61,115	10,926	2,956	109,424
Fund cash balances, end of year	\$ 15,734	\$ 30,615	\$ 11,912	\$ 3,000	\$ 61,261

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

**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000**

NOTE 1: Summary of Significant Accounting Policies

A. Description of the Entity

The Township of Troy, Ashland County, 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 four member Board. The Township provides general governmental services, including road, bridge and cemetery maintenance.

The Troy Township Waste Water District is a body politic established to handle all waste water affairs in the township. On December 7, 2001, the Ashland County Common Pleas Court declared the District to be finally and completely organized and to be a political subdivision. These financial statements do not include the activities of the Troy Township Waste Water District.

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. 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 by law or contract to be restricted.

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.

**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000**

NOTE 1: Summary of Significant Accounting Policies (continued)

C. Fund Accounting (continued)

Motor Vehicle License Tax Fund - This fund receives state motor vehicle license tax money for the construction, repair, and maintenance of Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money for the construction, repair and maintenance of Township roads and bridges.

Road and Bridges Funds - These funds receive real estate and personal property tax money for the construction, repair and maintenance of Township roads and bridges.

Cemetery Funds - These funds receive real estate and personal property tax money and generate money through the selling of cemetery lots and donations from the general public. This money is disbursed for the maintenance and upkeep of township cemeteries.

Fire District - This fund receives real estate and personal property tax money for the operation of a volunteer fire department for the Township.

Capital Projects Fund

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Fire and Capital Equipment - This fund receives money transferred from the Fire District Fund and is to be used for future capital purchases of the fire department.

Public Works Projects - This fund receives money from the State and is to be used for public works capital projects.

Fiduciary Fund (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. The Township had the following significant fiduciary fund:

Non-Expendable Trust Fund - This fund receives money from the bequests of individuals. The earnings of which are expended for the upkeep of cemeteries and the purchase of cemetery land.

**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000**

NOTE 1: Summary of Significant Accounting Policies (continued)

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 Township 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 commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements (capital outlays) when paid. These items are not reflected as assets in the accompanying financial statements.

NOTE 2: Equity in Pooled Cash

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

	<u>2001</u>	<u>2000</u>
Deposits	\$ 68,747	\$ 49,790
Certificate of deposit	<u>12,129</u>	<u>11,471</u>
Total Cash	<u>\$ 80,876</u>	<u>\$ 61,261</u>

**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000**

NOTE 2: Equity in Pooled Cash (continued)

Deposits

Deposits are covered by Federal Depository Insurance and security pledged as collateral.

NOTE 3: Budgetary Activity

Budgetary activity for the years ended December 31, 2001 and 2000 was as follows:

Budgeted vs. Actual Receipts

	2001			2000		
	Budgeted Receipts	Actual Receipts	Variance	Budgeted Receipts	Actual Receipts	Variance
General	\$ 80,947	\$ 61,994	\$ (18,953)	\$ 86,498	\$ 50,818	\$ (35,680)
Special Revenue	204,777	160,027	(44,750)	216,009	143,374	(72,635)
Capital Projects	12,796	659	(12,137)	204,127	193,678	(10,449)
Non-Expendable	3,086	31	(3,055)	3,040	44	(2,996)
Total	\$ 301,606	\$ 222,711	\$ (78,895)	\$ 509,674	\$ 387,914	\$ (121,760)

Budgeted vs. Actual Disbursements

	2001			2000		
	Budgeted Disbursements	Actual Disbursements	Variance	Budgeted Disbursements	Actual Disbursements	Variance
General	\$ 66,653	\$ 57,864	\$ 8,789	\$ 82,158	\$ 69,511	\$ 12,647
Special Revenue	177,733	145,232	32,501	195,563	173,874	21,689
Capital Projects	12,136	0	12,136	204,127	192,692	11,435
Non-Expendable	3,086	0	3,086	3,040	0	3,040
Total	\$ 259,608	\$ 203,096	\$ 56,512	\$ 484,888	\$ 436,077	\$ 48,811

**TROY TOWNSHIP
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000**

NOTE 4: Debt Obligation

Debt outstanding December 31, 2001 and 2000, consisted of the following:

	2001	2000
Note Payable		
Principal Outstanding	\$ 10,000	\$ 0
Interest Rate	6.37%	0%

The outstanding note at December 31 had been issued for five years. Proceeds from the note were used for a truck.

The annual requirement to amortize the note payable outstanding as of December 31, 2001 including interest payments of \$1,615 follows:

Year Ending December 31,	Note Payable
2002	\$ 2,581
2003	2,452
2004	2,324
2005	2,194
2006	2,064
Total	\$ 11,615

NOTE 5: Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Troy Township. 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property taxes 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
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000**

NOTE 6: Retirement System

The Board of Trustees, Township Clerk, and other employees of the Township belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost sharing, multiple employer plan. This plan provides retirement benefits, including postretirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 4325-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. For 2001 and 2000, the Township contributed an amount equal to 13.55% and 10.84%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2001.

NOTE 7: Risk Management

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobile
- Public Officials Liability

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

May 7, 2002

The Board of Trustees
Troy Township
Ashland County, Ohio

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of Troy Township, Ashland County, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 7, 2002. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Troy Township 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 audit 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 certain immaterial instances of noncompliance that we have reported to management of Troy Township in a separate letter dated May 7, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Troy Township 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 a material weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Troy Township in a separate letter dated May 7, 2002.

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

Rea & Associates, Inc.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
Facsimile 614-466-4490

TROY TOWNSHIP

ASHLAND 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
JULY 2, 2002**